



General Assembly

January Session, 2017

**Governor's Bill No. 795**

LCO No. 3739



Referred to Committee on PUBLIC HEALTH

Introduced by:

SEN. LOONEY, 11<sup>th</sup> Dist.

SEN. DUFF, 25<sup>th</sup> Dist.

REP. ARESIMOWICZ, 30<sup>th</sup> Dist.

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***AN ACT ESTABLISHING THE OFFICE OF HEALTH STRATEGY AND  
IMPROVING THE CERTIFICATE OF NEED PROGRAM.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective July 1, 2018*) (a) There is established an  
2       Office of Health Strategy, which shall be within the Department of  
3       Public Health for administrative purposes only. The department head  
4       of said office shall be the executive director of the Office of Health  
5       Strategy, who shall be appointed by the Governor in accordance with  
6       the provisions of sections 4-5 to 4-8, inclusive, of the general statutes,  
7       with the powers and duties therein prescribed.

8       (b) The Office of Health Strategy shall be responsible for the  
9       following:

10       (1) Developing and implementing a comprehensive and cohesive  
11       health care vision for the state, including, but not limited to, a

12 coordinated state health care cost containment strategy;

13 (2) Directing and overseeing the (A) all-payers claim database  
14 program established pursuant to section 38-1091 of the general  
15 statutes, (B) the State Innovation Model Initiative and related successor  
16 initiatives;

17 (3) Coordinating the state's health information technology  
18 initiatives;

19 (4) Directing and overseeing the Office of Health Care Access and  
20 all of its duties and responsibilities as set forth in chapter 368z of the  
21 general statutes; and

22 (5) Convening forums and meetings with state government and  
23 external stakeholders, including, but not limited to, the Connecticut  
24 Health Insurance Exchange, to discuss health care issues designed to  
25 develop effective health care cost and quality strategies.

26 (c) The Office of Health Strategy shall constitute a successor, in  
27 accordance with the provisions of sections 4-38d, 4-38e and 4-39 of the  
28 general statutes, to the functions, powers and duties of the following:

29 (1) The Connecticut Health Insurance Exchange, established  
30 pursuant to section 38a-1081 of the general statutes, relating to the  
31 administration of the all-payer claims database pursuant to section  
32 38a-1091 of the general statutes; and

33 (2) The Office of the Lieutenant Governor, relating to the (A)  
34 development of a chronic disease plan pursuant to section 19a-6q of  
35 the general statutes, (B) housing, chairing and staffing of the Health  
36 Care Cabinet pursuant to section 19a-725 of the general statutes, and  
37 (C) (i) appointment of the health information technology officer  
38 pursuant to section 19a-755 of the general statutes, and (ii) oversight of  
39 the duties of such health information technology officer as set forth in  
40 sections 17b-59, 17b-59a and 17b-59f of the general statutes.

41 (d) Any order or regulation of the entities listed in subdivisions (1)  
42 and (2) of subsection (c) of this section that is in force on July 1, 2018,  
43 shall continue in force and effect as an order or regulation until  
44 amended, repealed or superseded pursuant to law.

45 Sec. 2. Section 19a-630 of the general statutes is repealed and the  
46 following is substituted in lieu thereof (*Effective July 1, 2017*):

47 As used in this chapter, unless the context otherwise requires:

48 (1) "Access" means the availability of services to a population who  
49 needs such services and the ability to obtain such services when  
50 considering the location, reasonable available public or private  
51 transportation options, hours of operation and language or cultural  
52 considerations for the population seeking such services.

53 (2) "Affected community" means a municipality where a health care  
54 facility is physically located or a municipality whose inhabitants are  
55 regularly served by a health care facility.

56 ~~[(1)]~~ (3) "Affiliate" means a person, entity or organization  
57 controlling, controlled by or under common control with another  
58 person, entity or organization. Affiliate does not include a medical  
59 foundation organized under chapter 594b.

60 ~~[(2)]~~ (4) "Applicant" means any person or health care facility that  
61 applies for a certificate of need pursuant to section 19a-639a, as  
62 amended by this act.

63 [(3) "Bed capacity" means the total number of inpatient beds in a  
64 facility licensed by the Department of Public Health under sections  
65 19a-490 to 19a-503, inclusive.

66 (4) "Capital expenditure" means an expenditure that under  
67 generally accepted accounting principles consistently applied is not  
68 properly chargeable as an expense of operation or maintenance and  
69 includes acquisition by purchase, transfer, lease or comparable

70 arrangement, or through donation, if the expenditure would have been  
71 considered a capital expenditure had the acquisition been by  
72 purchase.]

73 (5) "Behavioral health facility" means any facility that provides  
74 mental health services to persons eighteen years of age or older or  
75 substance use disorder services to persons of any age in an outpatient  
76 treatment or residential setting to ameliorate mental, emotional,  
77 behavioral or substance use disorder issues, including, but not limited  
78 to, private freestanding mental health day treatment facilities.

79 [(5)] (6) "Certificate of need" means a certificate issued by the office.

80 [(6)] (7) "Days" means calendar days.

81 [(7)] (8) "Deputy commissioner" means the deputy commissioner of  
82 Public Health who oversees the Office of Health Care Access division  
83 of the Department of Public Health.

84 [(8)] (9) "Commissioner" means the Commissioner of Public Health.

85 [(9)] (10) "Free clinic" means a private, nonprofit community-based  
86 organization that provides medical, dental, pharmaceutical or mental  
87 health services at reduced cost or no cost to low-income, uninsured  
88 and underinsured individuals.

89 (11) "Freestanding emergency department" means an emergency  
90 department that is listed as a satellite location and held out to the  
91 public by name, posted signs, advertising or other means as a place  
92 that provides care for emergency medical conditions on an urgent  
93 basis without requiring a previously scheduled appointment.

94 (12) "Health care services" means care and services of a medical,  
95 mental health, substance use disorder treatment, surgical, psychiatric,  
96 therapeutic, diagnostic or rehabilitative nature, including, but not  
97 limited to, inpatient and outpatient acute hospital care and services.  
98 For purposes of this subdivision, "inpatient" means a patient has been

99 formally admitted to a hospital on the order of a physician, and  
100 "outpatient" means without a requirement that a patient be formally  
101 admitted to a hospital to receive care.

102 (13) "Hospital" means a health care facility or institution licensed by  
103 the Department of Public Health to provide both inpatient and  
104 outpatient services as one of the following: (A) A general hospital  
105 licensed by the Department of Public Health, including, but not limited  
106 to, John Dempsey Hospital of The University of Connecticut Health  
107 Center, as a short-term, acute care general or children's hospital; or (B)  
108 a specialty hospital that provides chronic disease treatment, maternity,  
109 inpatient psychiatric, rehabilitation or hospice services.

110 (14) "Hospital system" means: (A) A parent corporation of one or  
111 more hospitals and any entity affiliated with such parent corporation  
112 through ownership, governance or membership; or (B) a hospital and  
113 any entity affiliated with such hospital through ownership,  
114 governance or membership.

115 ~~[(10)]~~ (15) "Large group practice" means eight or more full-time  
116 equivalent physicians, legally organized in a partnership, professional  
117 corporation, limited liability company formed to render professional  
118 services, medical foundation, not-for-profit corporation, faculty  
119 practice plan or other similar entity (A) in which each physician who is  
120 a member of the group provides substantially the full range of services  
121 that the physician routinely provides, including, but not limited to,  
122 medical care, consultation, diagnosis or treatment, through the joint  
123 use of shared office space, facilities, equipment or personnel; (B) for  
124 which substantially all of the services of the physicians who are  
125 members of the group are provided through the group and are billed  
126 in the name of the group practice and amounts so received are treated  
127 as receipts of the group; or (C) in which the overhead expenses of, and  
128 the income from, the group are distributed in accordance with  
129 methods previously determined by members of the group. An entity  
130 that otherwise meets the definition of group practice under this section

131 shall be considered a group practice although its shareholders,  
132 partners or owners of the group practice include single-physician  
133 professional corporations, limited liability companies formed to render  
134 professional services or other entities in which beneficial owners are  
135 individual physicians.

136 [(11)] (16) "Health care facility" means (A) hospitals; [licensed by the  
137 Department of Public Health under chapter 368v; (B) specialty  
138 hospitals; (C)] (B) freestanding emergency departments; [(D)] (C)  
139 outpatient surgical facilities; [ as defined in section 19a-493b and  
140 licensed under chapter 368v; (E)] (D) a hospital or other facility or  
141 institution operated by the state that provides services that are eligible  
142 for reimbursement under Title XVIII or XIX of the federal Social  
143 Security Act, 42 USC 301, as amended; [(F) a central service facility; (G)  
144 mental health facilities; (H) substance abuse treatment facilities; and  
145 (I)] (E) behavioral health facilities; and (F) any other facility requiring  
146 certificate of need review pursuant to subsection (a) of section 19a-638,  
147 as amended by this act. "Health care facility" includes any parent  
148 company, subsidiary, affiliate or joint venture, or any combination  
149 thereof, of any such facility.

150 [(12) "Nonhospital based" means located at a site other than the  
151 main campus of the hospital.]

152 (17) "New health care facility" means a hospital or other health care  
153 facility acquired by a hospital or hospital system as it exists after the  
154 approval of an agreement pursuant to section 19a-486b, as amended by  
155 this act, or a certificate of need application for a transfer of ownership;

156 [(13)] (18) "Office" means the Office of Health Care Access division  
157 within the Department of Public Health.

158 (19) "Outpatient surgical facility" has the same meaning as provided  
159 in section 19a-493b.

160 [(14)] (20) "Person" means any individual, partnership, corporation,

161 limited liability company, association, governmental subdivision,  
162 agency or public or private organization of any character, but does not  
163 include the agency conducting the proceeding.

164 [(15)] (21) "Physician" has the same meaning as provided in section  
165 20-13a.

166 (22) "Purchaser" means (A) a person who is acquiring or has  
167 acquired any assets of a hospital through a transfer of ownership of a  
168 hospital; or (B) a hospital or hospital system that is acquiring or has  
169 acquired any assets of a health care facility other than a hospital, or a  
170 large group practice through a transfer of ownership.

171 (23) "Quality" means the degree to which health care services for  
172 individuals or populations increase the likelihood of desired health  
173 outcomes and are consistent with established professional knowledge,  
174 standards and guidelines.

175 (24) "Relocation" means the movement of a health care facility from  
176 its established location to a different location.

177 (25) "Reduction" means any modification to a health care service by  
178 a hospital or hospital system that, independently or in conjunction  
179 with other modifications or changes, results in a fifty per cent or  
180 greater decrease in the availability of the health care service offered by  
181 such hospital or hospital system or reduces the service area covered by  
182 such hospital or hospital system.

183 (26) "Termination" means the elimination by a health care facility of  
184 a health care service, but does not include a temporary suspension of  
185 health care services lasting six months or less.

186 (27) "Transacting party" means a purchaser and any person who is a  
187 party to a proposed agreement for (A) transfer of ownership of a  
188 hospital; or (B) transfer of ownership of a health care facility or large  
189 group practice to a hospital or hospital system.

190     ~~(28) "Transfer" means to sell, lease, exchange, option, convey, give~~  
191     ~~or otherwise dispose of, including, but not limited to, transfer by way~~  
192     ~~of merger or joint venture not in the ordinary course of business.~~

193     ~~[(16)]~~ (29) "Transfer of ownership" means a transfer that impacts or  
194     changes the governance or controlling body of a health care facility,  
195     institution or large group practice, including, but not limited to, all  
196     affiliations, mergers or any sale or transfer of net assets of a health care  
197     facility.

198     Sec. 3. Section 19a-634 of the general statutes is repealed and the  
199     following is substituted in lieu thereof (*Effective July 1, 2017*):

200     ~~[(a) The Office of Health Care Access shall conduct, on a biennial~~  
201     ~~basis, a state-wide health care facility utilization study. Such study~~  
202     ~~may include an assessment of: (1) Current availability and utilization~~  
203     ~~of acute hospital care, hospital emergency care, specialty hospital care,~~  
204     ~~outpatient surgical care, primary care and clinic care; (2) geographic~~  
205     ~~areas and subpopulations that may be underserved or have reduced~~  
206     ~~access to specific types of health care services; and (3) other factors that~~  
207     ~~the office deems pertinent to health care facility utilization. Not later~~  
208     ~~than June thirtieth of the year in which the biennial study is conducted,~~  
209     ~~the Commissioner of Public Health shall report, in accordance with~~  
210     ~~section 11-4a, to the Governor and the joint standing committees of the~~  
211     ~~General Assembly having cognizance of matters relating to public~~  
212     ~~health and human services on the findings of the study. Such report~~  
213     ~~may also include the office's recommendations for addressing~~  
214     ~~identified gaps in the provision of health care services and~~  
215     ~~recommendations concerning a lack of access to health care services.~~

216     ~~(b) The office,]~~ (a) The Office of Health Care Access, in consultation  
217     with such other state agencies as the Commissioner of Public Health  
218     deems appropriate, shall establish and maintain a state-wide health  
219     care facilities and services plan. Such plan ~~[may]~~ shall, within available  
220     appropriations, include, but not be limited to: (1) ~~[An]~~ A state-wide



221 health care facility utilization study, consisting of an assessment of the  
222 availability and utilization of acute hospital care, hospital emergency  
223 care, specialty hospital care, outpatient surgical care, primary care and  
224 clinic care; (2) an evaluation of the unmet needs of persons at risk and  
225 vulnerable populations as determined by the commissioner; (3) the  
226 identification of geographic areas that may be underserved or have  
227 reduced access to specific types of health care services; (4) a projection  
228 of future demand for health care services and the impact that  
229 technology may have on the demand, capacity or need for such  
230 services; (5) the identification of clinical best practices, as applicable to  
231 certificate of need requirements under section 19a-638, as amended by  
232 this act; and [(4)] (6) recommendations for [the expansion, reduction or  
233 modification of health care facilities or services] (A) addressing  
234 identified unmet health care needs, (B) integrating and aligning clinical  
235 best practices into licensure requirements or other ongoing monitoring  
236 efforts by the department to enhance quality of care, and (C) any  
237 improvements or changes necessary to the office's programs, including  
238 the certificate of need process, in order to promote health equity. In the  
239 development of the plan, the office shall consider the  
240 recommendations of any advisory bodies which may be established by  
241 the commissioner. The commissioner may also incorporate the  
242 recommendations of authoritative organizations whose mission is to  
243 promote policies based on best practices or evidence-based research.  
244 The commissioner, in consultation with hospital, hospital system and  
245 other health care facility representatives, shall develop a process that  
246 encourages [hospitals] such entities to incorporate the state-wide  
247 health care facilities and services plan into [hospital] long-range  
248 planning and shall facilitate communication between appropriate state  
249 agencies concerning innovations or changes that may affect future  
250 health planning. The office shall update the state-wide health care  
251 facilities and services plan not less than once every two years.

252 [(c)] (b) For purposes of [conducting the state-wide health care  
253 facility utilization study and] preparing the state-wide health care

254 facilities and services plan, the office shall establish and maintain an  
255 inventory of all health care facilities, the equipment identified in  
256 [subdivisions (9) and (10)] subdivision (9) of subsection (a) of section  
257 19a-638, as amended by this act, and services in the state, including  
258 health care facilities that are exempt from certificate of need  
259 requirements under subsection (b) of section 19a-638, as amended by  
260 this act. The office [shall develop] may utilize an inventory  
261 questionnaire to obtain the following information: (1) The name and  
262 location of the facility; (2) the type of facility; (3) the hours of operation;  
263 (4) the type of services provided at that location; and (5) the total  
264 number of clients, treatments, patient visits, procedures performed or  
265 scans performed in a calendar year. The inventory shall be completed  
266 [biennially] every three years by health care facilities and providers  
267 and such health care facilities and providers shall not be required to  
268 provide patient specific or financial data.

269 Sec. 4. Section 19a-637 of the general statutes is repealed and the  
270 following is substituted in lieu thereof (*Effective July 1, 2017*):

271 The office shall promote effective health planning in the state. In  
272 carrying out its assigned duties, the office shall promote the provision  
273 of quality health care in a manner that ensures access for all state  
274 residents to cost-effective services so as to [avoid duplication of health  
275 services and] improve the availability and financial stability of health  
276 care services throughout the state.

277 Sec. 5. Section 19a-638 of the general statutes is repealed and the  
278 following is substituted in lieu thereof (*Effective July 1, 2017*):

279 (a) A certificate of need issued by the office shall be required for:

280 (1) The establishment of a new [health care facility] hospital,  
281 freestanding emergency department or outpatient surgical facility;

282 (2) A transfer of ownership of a health care facility to another entity  
283 that is not a hospital or hospital system, except as provided by section

284 19a-493b;

285 (3) A transfer of ownership of a health care facility or large group  
286 practice to a hospital or hospital system;

287 (4) A transfer of ownership of a hospital to another hospital,  
288 hospital system or other entity;

289 [(3)] (5) A transfer of ownership of a large group practice to any  
290 entity other than a (A) physician, or (B) group of two or more  
291 physicians, legally organized in a partnership, professional  
292 corporation or limited liability company formed to render professional  
293 services and not employed by or an affiliate of any hospital, medical  
294 foundation, insurance company or other similar entity;

295 [(4) The establishment of a freestanding emergency department;]

296 [(5)] (6) The termination of an emergency department or inpatient or  
297 outpatient services offered by a hospital, [including, but not limited to,  
298 the termination by a short-term acute care general hospital or  
299 children's hospital of inpatient and outpatient mental health and  
300 substance abuse services] hospital system or other facility or institution  
301 operated by the state that provides services that are eligible for  
302 reimbursement under Title XVIII or XIX of the federal Social Security  
303 Act, 42 USC 301, as amended from time to time, except (A) the  
304 termination of services due to insufficient patient volume or lack of  
305 available practitioners to support the effective delivery of care that is  
306 subject to the termination request process set forth in section 19a-639e,  
307 as amended by this act, and (B) the termination of services for which  
308 the Department of Public health has requested the hospital to  
309 relinquish its license;

310 [(6) The establishment of an outpatient surgical facility, as defined  
311 in section 19a-493b, or as established by a short-term acute care general  
312 hospital;

313 (7) The termination of surgical services by an outpatient surgical  
314 facility, as defined in section 19a-493b, or a facility that provides  
315 outpatient surgical services as part of the outpatient surgery  
316 department of a short-term acute care general hospital, provided  
317 termination of outpatient surgical services due to (A) insufficient  
318 patient volume, or (B) the termination of any subspecialty surgical  
319 service, shall not require certificate of need approval;

320 (8) The termination of an emergency department by a short-term  
321 acute care general hospital;

322 (9) The establishment of cardiac services, including inpatient and  
323 outpatient cardiac catheterization, interventional cardiology and  
324 cardiovascular surgery;]

325 (7) The relocation of a health care facility, except the relocation of a  
326 health care facility to an area identified in the state-wide health care  
327 facilities and services plan as underserved or having reduced access to  
328 specific types of health care services, provided such entity proposing  
329 such relocation notifies the office of such relocation pursuant to section  
330 19a-639c, as amended by this act;

331 (8) The reduction of inpatient or outpatient services by a hospital or  
332 hospital system; and

333 ~~[(10)]~~ (9) The acquisition of scanners that utilize imaging techniques,  
334 including, but not limited to, computed tomography, [scanners,]  
335 magnetic resonance imaging, [scanners,] positron emission  
336 tomography, [scanners or] positron emission tomography-computed  
337 tomography [scanners,] or single-photon emission computed  
338 tomography by any person, physician, provider [, short-term acute  
339 care general hospital or children's hospital, except (A) as provided for  
340 in subdivision (22) of subsection (b) of this section, and (B) a certificate  
341 of need issued by the office shall not be required where such scanner is  
342 a replacement for a scanner that was previously acquired through  
343 certificate of need approval or a certificate of need determination;] or

344 hospital that filed a request pursuant to subsection (b) of section 19a-  
345 639e, as amended by this act, and did not sufficiently demonstrate to  
346 the satisfaction of the office that methods will be employed to  
347 minimize the practice of patient referrals in which the referring  
348 provider stands to financially gain from such referral and that  
349 Medicaid recipients and indigent persons will have access to services  
350 provided utilizing the acquired equipment.

351       [(11) The acquisition of nonhospital based linear accelerators;

352       (12) An increase in the licensed bed capacity of a health care facility;

353       (13) The acquisition of equipment utilizing technology that has not  
354 previously been utilized in the state;

355       (14) An increase of two or more operating rooms within any three-  
356 year period, commencing on and after October 1, 2010, by an  
357 outpatient surgical facility, as defined in section 19a-493b, or by a  
358 short-term acute care general hospital; and

359       (15) The termination of inpatient or outpatient services offered by a  
360 hospital or other facility or institution operated by the state that  
361 provides services that are eligible for reimbursement under Title XVIII  
362 or XIX of the federal Social Security Act, 42 USC 301, as amended.]

363       (b) A certificate of need shall not be required for:

364       (1) Health care facilities owned and operated by the federal  
365 government;

366       (2) The establishment of offices by a licensed private practitioner,  
367 whether for individual or group practice, except when a certificate of  
368 need is required in accordance with the requirements of section 19a-  
369 493b or subdivision (3), [(10) or (11)] (5) or (9) of subsection (a) of this  
370 section;

371       (3) A health care facility operated by a religious group that

- 372 exclusively relies upon spiritual means through prayer for healing;
- 373 (4) Residential care homes, nursing homes and rest homes, as  
374 defined in subsection (c) of section 19a-490;
- 375 (5) An assisted living services agency, as defined in section 19a-490;
- 376 (6) Home health agencies, as defined in section 19a-490;
- 377 (7) Hospice services, as described in section 19a-122b;
- 378 (8) Outpatient rehabilitation facilities;
- 379 (9) Outpatient chronic dialysis services;
- 380 (10) Transplant services;
- 381 (11) Free clinics, as defined in section 19a-630, as amended by this  
382 act;
- 383 (12) School-based health centers and expanded school health sites,  
384 as such terms are defined in section 19a-6r, community health centers,  
385 as defined in section 19a-490a, not-for-profit outpatient clinics licensed  
386 in accordance with the provisions of chapter 368v and federally  
387 qualified health centers;
- 388 (13) A program licensed or funded by the Department of Children  
389 and Families, provided such program is not a psychiatric residential  
390 treatment facility;
- 391 (14) Any nonprofit facility, institution or provider that has a contract  
392 with, or is certified or licensed to provide a service for, a state agency  
393 or department for a service that would otherwise require a certificate  
394 of need. The provisions of this subdivision shall not apply to a short-  
395 term acute care general hospital or children's hospital, or a hospital or  
396 other facility or institution operated by the state that provides services  
397 that are eligible for reimbursement under Title XVIII or XIX of the  
398 federal Social Security Act, 42 USC 301, as amended;

399 (15) A health care facility operated by a nonprofit educational  
400 institution exclusively for students, faculty and staff of such institution  
401 and their dependents;

402 (16) An outpatient clinic or program operated exclusively by or  
403 contracted to be operated exclusively by a municipality, municipal  
404 agency, municipal board of education or a health district, as described  
405 in section 19a-241;

406 (17) A residential facility for persons with intellectual disability  
407 licensed pursuant to section 17a-227 and certified to participate in the  
408 Title XIX Medicaid program as an intermediate care facility for  
409 individuals with intellectual disabilities;

410 (18) Replacement of existing imaging equipment with similar  
411 imaging equipment if such equipment was acquired through certificate  
412 of need approval or a certificate of need determination, provided a  
413 health care facility, provider, physician or person notifies the office of  
414 the date on which the equipment is replaced and the disposition of the  
415 replaced equipment;

416 (19) Acquisition of cone-beam dental imaging equipment that is to  
417 be used exclusively by a dentist licensed pursuant to chapter 379; or

418 [(20) The partial or total elimination of services provided by an  
419 outpatient surgical facility, as defined in section 19a-493b, except as  
420 provided in subdivision (6) of subsection (a) of this section and section  
421 19a-639e;

422 (21) The termination of services for which the Department of Public  
423 Health has requested the facility to relinquish its license; or]

424 [(22)] (20) Acquisition of any equipment by any person that is to be  
425 used exclusively for scientific research that is not conducted on  
426 humans.

427 (c) [(1)] Any person, health care facility or institution that is unsure

428 whether a certificate of need is required under this section [, or (2) any  
429 health care facility that proposes to relocate pursuant to section 19a-  
430 639c] shall send a letter to the office that describes the project and  
431 requests that the office make a determination as to whether a certificate  
432 of need is required. [In the case of a relocation of a health care facility,  
433 the letter shall include information described in section 19a-639c.] A  
434 person, health care facility or institution making such request shall  
435 provide the office with any information the office requests as part of its  
436 determination process.

437 (d) The Commissioner of Public Health may implement policies and  
438 procedures necessary to administer the provisions of this section while  
439 in the process of adopting such policies and procedures as regulation,  
440 provided the commissioner holds a public hearing prior to  
441 implementing the policies and procedures and prints notice of intent to  
442 adopt regulations in the Connecticut Law Journal not later than twenty  
443 days after the date of implementation. Policies and procedures  
444 implemented pursuant to this section shall be valid until the time final  
445 regulations are adopted. [Final regulations shall be adopted by  
446 December 31, 2011.]

447 Sec. 6. Section 19a-639 of the general statutes is repealed and the  
448 following is substituted in lieu thereof (*Effective July 1, 2017*):

449 (a) In any deliberations involving a certificate of need application  
450 filed pursuant to subdivisions (1), (2), (5) and (9) of subsection (a) of  
451 section 19a-638, as amended by this act, the office shall take into  
452 consideration and make written findings concerning each of the  
453 following guidelines and principles, as applicable:

454 (1) Whether the [proposed project] proposal is consistent with any  
455 applicable policies and standards adopted in regulations by the  
456 Department of Public Health;

457 (2) [The relationship of the proposed project to] Whether the  
458 proposal is aligned with the state-wide health care facilities and



459 services plan established under section 19a-634, as amended by this  
460 act, including whether the proposal will serve individuals in  
461 geographic areas that are underserved or have reduced access to  
462 specific types of health care services;

463 [(3) Whether there is a clear public need for the health care facility  
464 or services proposed by the applicant;

465 (4) Whether the applicant has satisfactorily demonstrated how the  
466 proposal will impact the financial strength of the health care system in  
467 the state or that the proposal is financially feasible for the applicant;]

468 [(5)] (3) Whether the applicant has satisfactorily demonstrated  
469 [how] that the proposal will not adversely impact the health care  
470 market in the state, will improve quality, accessibility and cost  
471 effectiveness of health care delivery in the region [, including, but not  
472 limited to, provision of or any change in the access to services for  
473 Medicaid recipients and indigent persons] and, as applicable to the  
474 acquisition of scanners, will minimize the practice of patient referrals  
475 in which the referring practitioner will stand to financially gain from  
476 such referral;

477 [(6)] (4) The applicant's past and proposed provision of health care  
478 services to relevant patient populations and payer mix, including [, but  
479 not limited to,] whether the applicant has satisfactorily demonstrated  
480 how the proposal will provide access to services by Medicaid  
481 recipients and indigent persons; and

482 [(7) Whether the applicant has satisfactorily identified the  
483 population to be served by the proposed project and satisfactorily  
484 demonstrated that the identified population has a need for the  
485 proposed services;

486 (8) The utilization of existing health care facilities and health care  
487 services in the service area of the applicant;

488 (9) Whether the applicant has satisfactorily demonstrated that the  
489 proposed project shall not result in an unnecessary duplication of  
490 existing or approved health care services or facilities;

491 (10) Whether an applicant, who has failed to provide or reduced  
492 access to services by Medicaid recipients or indigent persons, has  
493 demonstrated good cause for doing so, which shall not be  
494 demonstrated solely on the basis of differences in reimbursement rates  
495 between Medicaid and other health care payers;]

496 [(11)] (5) Whether the applicant has satisfactorily demonstrated that  
497 the proposal will not negatively impact the [diversity of health care  
498 providers and] patient choice of providers in the geographic region. [;  
499 and]

500 [(12) Whether the applicant has satisfactorily demonstrated that any  
501 consolidation resulting from the proposal will not adversely affect  
502 health care costs or accessibility to care.

503 (b) In deliberations as described in subsection (a) of this section,  
504 there shall be a presumption in favor of approving the certificate of  
505 need application for a transfer of ownership of a large group practice,  
506 as described in subdivision (3) of subsection (a) of section 19a-638,  
507 when an offer was made in response to a request for proposal or  
508 similar voluntary offer for sale.

509 (c) The office, as it deems necessary, may revise or supplement the  
510 guidelines and principles through regulation prescribed in subsection  
511 (a) of this section.

512 (d) (1) For purposes of this subsection and subsection (e) of this  
513 section:

514 (A) "Affected community" means a municipality where a hospital is  
515 physically located or a municipality whose inhabitants are regularly  
516 served by a hospital;

517 (B) "Hospital" has the same meaning as provided in section 19a-490;

518 (C) "New hospital" means a hospital as it exists after the approval of  
519 an agreement pursuant to section 19a-486b or a certificate of need  
520 application for a transfer of ownership of a hospital;

521 (D) "Purchaser" means a person who is acquiring, or has acquired,  
522 any assets of a hospital through a transfer of ownership of a hospital;

523 (E) "Transacting party" means a purchaser and any person who is a  
524 party to a proposed agreement for transfer of ownership of a hospital;

525 (F) "Transfer" means to sell, transfer, lease, exchange, option,  
526 convey, give or otherwise dispose of or transfer control over,  
527 including, but not limited to, transfer by way of merger or joint  
528 venture not in the ordinary course of business; and

529 (G) "Transfer of ownership of a hospital" means a transfer that  
530 impacts or changes the governance or controlling body of a hospital,  
531 including, but not limited to, all affiliations, mergers or any sale or  
532 transfer of net assets of a hospital and for which a certificate of need  
533 application or a certificate of need determination letter is filed on or  
534 after December 1, 2015.]

535 (b) In any deliberations involving a certificate of need application  
536 filed pursuant to subdivisions (6), (7) and (8) of subsection (a) of  
537 section 19a-638, as amended by this act, the office shall take into  
538 consideration and make written findings concerning each of the  
539 following guidelines and principles, as applicable:

540 (1) Whether the proposal is consistent with any applicable policies  
541 and standards adopted in regulations by the Department of Public  
542 Health;

543 (2) Whether the proposal is aligned with the state-wide health care  
544 facilities and services plan established under section 19a-634, as  
545 amended by this act, including whether the proposal will affect

546 individuals in geographic areas that are underserved or have reduced  
547 access to specific types of health care services;

548 (3) Whether the applicant has satisfactorily demonstrated that the  
549 proposal will not adversely impact quality, accessibility and cost  
550 effectiveness of health care delivery in the region;

551 (4) The applicant's past provision of health care services to relevant  
552 patient populations and payer mix, including whether the applicant  
553 has satisfactorily demonstrated how the proposal will not adversely  
554 impact access to services by Medicaid recipients and indigent persons;

555 (5) Whether the applicant has satisfactorily identified the population  
556 that currently utilizes a service proposed for termination, reduction or  
557 relocation and satisfactorily demonstrated that the identified  
558 population has access to alternative locations in which such population  
559 may be able to obtain the services proposed for termination, reduction  
560 or relocation;

561 (6) The utilization of existing health care facilities and health care  
562 services in the service area of the applicant;

563 (7) Whether the applicant has demonstrated good cause for a  
564 proposed termination, reduction or relocation that (A) will result in  
565 reduced access to services by Medicaid recipients or indigent persons,  
566 or (B) is located in a geographic area that is underserved or has  
567 reduced access to specific types of services, provided good cause shall  
568 not be demonstrated solely on the basis of differences in  
569 reimbursement rates between Medicaid and other health care payers;  
570 and

571 (8) Whether the applicant has satisfactorily demonstrated that the  
572 proposal will not negatively impact the patient choice of provider in  
573 the geographic region.

574 [(2)] (c) In any deliberations involving a certificate of need

575 application filed pursuant to subdivisions (3) and (4) of subsection (a)  
576 of section 19a-638, [that involves the transfer of ownership of a  
577 hospital, the office shall, in addition to the guidelines and principles  
578 set forth in subsection (a) of this section and those prescribed through  
579 regulation pursuant to subsection (c) of this section,] as amended by  
580 this act, the office shall take into consideration and make written  
581 findings concerning each of the following guidelines and principles, as  
582 applicable:

583     [(A)] (1) Whether the applicant fairly considered alternative  
584 proposals or offers in light of the purpose of maintaining health care  
585 provider diversity and consumer choice in the health care market and  
586 access to affordable quality health care for the affected community;  
587 [and]

588     [(B)] (2) Whether the plan submitted pursuant to section 19a-639a,  
589 as amended by this act, demonstrates, in a manner consistent with this  
590 chapter, how health care services will be provided by the new  
591 [hospital] health care facility for the first three years following the  
592 transfer of ownership of the hospital, including any consolidation,  
593 reduction, elimination or expansion of existing services or introduction  
594 of new services.

595     (3) Whether the proposed project is aligned with the state-wide  
596 health care facilities and services plan established under section 19a-  
597 634, as amended by this act, including whether the proposed project  
598 will serve individuals in geographic areas that are underserved or  
599 have reduced access to specific types of health care services;

600     (4) Whether the applicant has satisfactorily demonstrated that the  
601 proposal will improve quality, accessibility and cost effectiveness of  
602 health care delivery in the region and that any consolidation resulting  
603 from the proposal will not adversely affect health care costs or  
604 accessibility to care;

605     (5) The applicant's past and proposed provision of health care

606 services to relevant patient populations and payer mix, including  
607 whether the applicant has satisfactorily demonstrated how the  
608 proposal will provide access to services by Medicaid recipients and  
609 indigent persons; and

610 (6) Whether the applicant has satisfactorily demonstrated that the  
611 proposal will not negatively impact patient choice of provider in the  
612 geographic region.

613 [(3)] (d) The office shall deny any certificate of need application  
614 involving a transfer of ownership of a hospital or a transfer of  
615 ownership of any other health care facility or large group practice to a  
616 hospital or hospital system unless the commissioner finds that the  
617 affected community will be assured of continued access to high quality  
618 and affordable health care after accounting for any proposed change  
619 impacting hospital staffing.

620 [(4)] (e) The office may deny any certificate of need application  
621 involving a transfer of ownership of a hospital or a transfer of  
622 ownership of any other health care facility or large group practice to a  
623 hospital or hospital system subject to a cost and market impact review  
624 pursuant to section 19a-639f, as amended by this act, if the  
625 commissioner finds that [(A)] (1) the affected community will not be  
626 assured of continued access to high quality and affordable health care  
627 after accounting for any consolidation in the hospital and health care  
628 market that may lessen health care provider diversity, consumer  
629 choice and access to care, and [(B)] (2) any likely increases in the prices  
630 for health care services or total health care spending in the state may  
631 negatively impact the affordability of care.

632 [(5)] The office may place any conditions on the approval of a  
633 certificate of need application involving a transfer of ownership of a  
634 hospital consistent with the provisions of this chapter. Before placing  
635 any such conditions, the office shall weigh the value of such conditions  
636 in promoting the purposes of this chapter against the individual and

637 cumulative burden of such conditions on the transacting parties and  
638 the new hospital. For each condition imposed, the office shall include a  
639 concise statement of the legal and factual basis for such condition and  
640 the provision or provisions of this chapter that it is intended to  
641 promote. Each condition shall be reasonably tailored in time and  
642 scope. The transacting parties or the new hospital shall have the right  
643 to make a request to the office for an amendment to, or relief from, any  
644 condition based on changed circumstances, hardship or for other good  
645 cause.]

646 (f) In deliberations, as described in subsection (a) of this section,  
647 there shall be a presumption in favor of approving the certificate of  
648 need application for a transfer of ownership of a large group practice,  
649 as described in subdivision (5) of subsection (a) of section 19a-638, as  
650 amended by this act, when an offer was made in response to a request  
651 for proposal or similar voluntary offer for sale.

652 ~~[(e)]~~ (g) (1) If the certificate of need application (A) involves the  
653 transfer of ownership of a hospital [, (B) the purchaser is a hospital, as  
654 defined in section 19a-490, whether located within or outside the state,  
655 that had net patient revenue for fiscal year 2013 in an amount greater  
656 than one billion five hundred million dollars or a hospital system, as  
657 defined in section 19a-486i, whether located within or outside the state,  
658 that had net patient revenue for fiscal year 2013 in an amount greater  
659 than one billion five hundred million dollars, or any person that is  
660 organized or operated for profit] or the transfer of ownership of any  
661 other health care facility or large group practice to a hospital or  
662 hospital system, and [(C)] (B) such application is approved, the office  
663 shall hire an independent consultant, who shall have no previous  
664 financial interest with the hospital or hospital system, or any affiliate of  
665 the hospital or hospital system, no previous sanctions and no adverse  
666 decisions regarding monitoring activities, to serve as a post-transfer  
667 compliance reporter for a period of three years after completion of the  
668 transfer of ownership. [of the hospital.] Such reporter shall, at a  
669 minimum: (i) Meet with representatives of the purchaser, [the] such

670 new [hospital] health care facility or large group practice, as  
671 applicable, and members of the affected community served by [the]  
672 such new [hospital] health care facility or large group practice not less  
673 than quarterly; and (ii) report to the office not less than quarterly  
674 concerning (I) efforts the purchaser and representatives of [the] such  
675 new [hospital] health care facility or large group practice have taken to  
676 comply with any conditions the office placed on the approval of the  
677 certificate of need application and plans for future compliance, and (II)  
678 community benefits and uncompensated care provided by [the] such  
679 new [hospital] health care facility or large group practice. The  
680 purchaser shall give the reporter access to its records and facilities for  
681 the purposes of carrying out the reporter's duties. The purchaser shall  
682 hold a public hearing in the municipality in which the new [hospital]  
683 health care facility or large group practice is located not less than  
684 annually during the reporting period to provide for public review and  
685 comment on the reporter's reports and findings.

686 (2) If the reporter finds that the purchaser has breached a condition  
687 of the approval of the certificate of need application, the office may [,  
688 in] take one or more of the following actions: (A) In consultation with  
689 the purchaser, the reporter and any other interested parties it deems  
690 appropriate, implement a performance improvement plan designed to  
691 remedy the conditions identified by the reporter and continue the  
692 reporting period for up to one year following a determination by the  
693 office that such conditions have been resolved; (B) institute an action to  
694 enjoin the purchaser from engaging in conduct in violation of the  
695 certificate of need; or (C) impose a civil penalty in accordance with  
696 section 19a-653, as amended by this act. For the breach of conditions  
697 specifying cost or price limits, the office may require partial or full  
698 refunding or repayment of the amount in excess of the conditioned  
699 limits to the affected payer, as applicable.

700 (3) [The purchaser shall provide funds, in an amount determined by  
701 the office not to exceed two hundred thousand dollars annually, for  
702 the hiring of the post-transfer compliance reporter.] Upon the filing of



703 an application involving the transfer of ownership, the purchaser shall  
704 establish an escrow account pursuant to a formal escrow agreement  
705 provided by the office for the purpose of paying the bills for services  
706 provided by the independent consultant. The purchaser shall initially  
707 fund the escrow account with two hundred thousand dollars. The  
708 escrow agent shall pay such bills out of the escrow account directly to  
709 the independent consultant not later than thirty days after receipt of  
710 each bill by the purchaser.

711 [(f) Nothing in subsection (d) or (e) of this section shall apply to a  
712 transfer of ownership of a hospital in which either a certificate of need  
713 application is filed on or before December 1, 2015, or where a  
714 certificate of need determination letter is filed on or before December 1,  
715 2015.]

716 (h) The office may place any conditions on the approval of any  
717 certificate of need application consistent with the provisions of this  
718 chapter. Before placing any such conditions, the office shall weigh the  
719 value of such conditions in promoting the purposes of this chapter  
720 against the individual and cumulative burden of such conditions on  
721 the applicant or any transacting parties. For each condition imposed,  
722 the office shall include a concise statement of the legal and factual  
723 basis for such condition and the provision or provisions of this chapter  
724 that it is intended to promote. Any condition imposed by the office  
725 shall be reasonably tailored in time and scope. The applicant or any  
726 applicable transacting parties shall have the right to make a request to  
727 the office for an amendment to, or relief from, any condition based on  
728 changed circumstances, hardship or for other good cause.

729 (i) The Commissioner of Public Health may adopt regulations, in  
730 accordance with the provisions of chapter 54 to carry out the  
731 provisions of this section.

732 Sec. 7. Section 19a-639a of the general statutes is repealed and the  
733 following is substituted in lieu thereof (*Effective July 1, 2017*):

734 (a) An application for a certificate of need shall be filed with the  
735 office in accordance with the provisions of this section and any  
736 regulations adopted by the Department of Public Health. The  
737 application shall address the guidelines and principles set forth in (1)  
738 subsection (a) of section 19a-639, as amended by this act, and (2)  
739 regulations adopted by the department. The applicant shall include  
740 with the application a nonrefundable application fee of five hundred  
741 dollars.

742 (b) [Prior] Not later than twenty days prior to the filing of a  
743 certificate of need application, the applicant shall (1) publish notice for  
744 not less than three consecutive days that an application is to be  
745 submitted to the office in a newspaper having a substantial circulation  
746 in the area where the project is to be located, and (2) request the  
747 publication of notice in at least two sites within the affected  
748 community that are commonly accessed by the public, such as a town  
749 hall or library, and on any existing Internet web site of the  
750 municipality or local health department. Such notice shall [(1) be  
751 published (A) not later than twenty days prior to the date of filing of  
752 the certificate of need application, and (B) for not less than three  
753 consecutive days, and (2)] contain a brief description of the nature of  
754 the project and the street address where the project is to be located. An  
755 applicant shall file the certificate of need application with the office not  
756 later than ninety days after publishing notice of the application in  
757 accordance with the provisions of this subsection. The office shall not  
758 accept the applicant's certificate of need application for filing unless  
759 the application is accompanied by the application fee prescribed in  
760 subsection (a) of this section and proof of compliance with the  
761 publication requirements prescribed in this subsection.

762 (c) (1) Not later than five business days after receipt of a properly  
763 filed certificate of need application, the office shall publish notice of the  
764 application on its Internet web site. Not later than thirty days after the  
765 date of filing of the application, the office may request such additional  
766 information as the office determines necessary to complete the

767 application. In addition to any information requested by the office, if  
768 the application involves the transfer of ownership of a hospital or the  
769 transfer of ownership of a health care facility or large group practice to  
770 a hospital or hospital system, as defined in section [19a-639] 19a-630, as  
771 amended by this act, the applicant shall submit to the office (A) a plan  
772 demonstrating how health care services will be provided by the new  
773 [hospital] health care facility or large group practice for the first three  
774 years following the transfer of ownership, [of the hospital,] including  
775 any consolidation, reduction, elimination or expansion of existing  
776 services or introduction of new services, and (B) the names of persons  
777 currently holding a position with the [hospital] health care facility or  
778 large group practice to be purchased or the purchaser, as defined in  
779 section [19a-639] 19a-630, as amended by this act, as an officer,  
780 director, board member or senior manager, whether or not such person  
781 is expected to hold a position with the [hospital] health care facility or  
782 large group practice after completion of the transfer of ownership [of  
783 the hospital] and any salary, severance, stock offering or any financial  
784 gain, current or deferred, such person is expected to receive as a result  
785 of, or in relation to, [the] such transfer of ownership. [of the hospital.]

786 (2) The applicant shall, not later than sixty days after the date of the  
787 office's request, submit any requested information and any  
788 information required under this subsection to the office. If an applicant  
789 fails to submit such information to the office within the sixty-day  
790 period, the office shall consider the application to have been  
791 withdrawn.

792 (d) Upon determining that an application is complete, the office  
793 shall provide notice of this determination to the applicant and to the  
794 public in accordance with regulations adopted by the department. In  
795 addition, the office shall post such notice on its Internet web site and  
796 provide the link to the completed application to any entity that  
797 published notice in accordance with subsection (b) of this section for  
798 publication of such completed application. The date on which the  
799 office posts such notice on its Internet web site shall begin the review

800 period. Except as provided in this subsection, (1) the review period for  
801 a completed application shall be ninety days from the date on which  
802 the office posts such notice on its Internet web site; and (2) the office  
803 shall issue a decision on a completed application prior to the  
804 expiration of the ninety-day review period. The review period for a  
805 completed application that involves a transfer of a large group  
806 practice, as described in subdivision [(3)] (5) of subsection (a) of section  
807 19a-638, as amended by this act, when the offer was made in response  
808 to a request for proposal or similar voluntary offer for sale, shall be  
809 sixty days from the date on which the office posts notice on its Internet  
810 web site. Upon request or for good cause shown, the office may extend  
811 the review period for a period of time not to exceed sixty days. If the  
812 review period is extended, the office shall issue a decision on the  
813 completed application prior to the expiration of the extended review  
814 period. If the office holds a public hearing concerning a completed  
815 application in accordance with subsection (e) or (f) of this section, the  
816 office shall issue a decision on the completed application not later than  
817 sixty days after the date the office closes the public hearing record.

818 (e) Except as provided in this subsection, the office shall hold a  
819 public hearing on a properly filed and completed certificate of need  
820 application if three or more individuals or an individual representing  
821 an entity with five or more people submits a request, in writing, that a  
822 public hearing be held on the application. For a properly filed and  
823 completed certificate of need application involving a transfer of  
824 ownership of a large group practice, as described in subdivision [(3)]  
825 (5) of subsection (a) of section 19a-638, as amended by this act, when  
826 an offer was made in response to a request for proposal or similar  
827 voluntary offer for sale, a public hearing shall be held if twenty-five or  
828 more individuals or an individual representing twenty-five or more  
829 people submits a request, in writing, that a public hearing be held on  
830 the application. Any request for a public hearing shall be made to the  
831 office not later than thirty days after the date the office determines the  
832 application to be complete.

833 (f) (1) The office shall hold a public hearing [with respect to each] on  
834 a properly filed and completed certificate of need application [filed  
835 pursuant to section 19a-638 after December 1, 2015,] that concerns any  
836 transfer of ownership [involving] of a hospital of any other health care  
837 facility or large group practice to a hospital or hospital system. Such  
838 hearing shall be held in the municipality in which the hospital, other  
839 health care facility or large group practice that is the subject of the  
840 application is located.

841 (2) The office may hold a public hearing with respect to any  
842 certificate of need application submitted under this chapter. The office  
843 shall provide not less than [two] three weeks' advance notice to the  
844 applicant, in writing, and the applicant shall provide not less than two  
845 weeks' advance notice to the public by (A) publication in a newspaper  
846 having a substantial circulation in the area served by the health care  
847 facility or provider, and (B) requesting publication in at least two sites  
848 within the affected community that are commonly accessed by the  
849 public, such as a town hall or library and on any existing Internet web  
850 site of the municipality or local health department. In conducting its  
851 activities under this chapter, the office may hold a public hearing on  
852 applications of a similar nature at the same time.

853 (g) If the certificate of need application involves the transfer of  
854 ownership of a hospital or the transfer of ownership of any other  
855 health care facility or large group practice to a hospital or hospital  
856 system, the applicant shall include in a single application all  
857 information related to all supplemental transactions associated with  
858 such transfer of ownership that would otherwise require a separate  
859 certificate of need application. Any such application shall be subject to  
860 a cost and market impact review pursuant to section 19a-639f, as  
861 amended by this act.

862 (h) The office may retain an independent consultant with expertise  
863 in the specific area of health care that is the subject of a pending  
864 application filed by an applicant if the review and analysis of an

865 application cannot reasonably be conducted by the office without the  
866 expertise of an industry analyst or other actuarial consultant. Upon a  
867 determination by the office that an independent consultant is required,  
868 the applicant shall establish an escrow account pursuant to a formal  
869 escrow agreement provided by the office for the purpose of paying the  
870 bills for services provided by the independent consultant. The  
871 applicant shall initially fund the escrow account in an amount to be  
872 determined by the office, not to exceed twenty thousand dollars. The  
873 office shall submit bills for independent consultant services to the  
874 applicant. The escrow agent shall pay such bills out of the escrow  
875 account directly to the independent consultant not later than thirty  
876 days after receipt of each bill by the applicant. Such bills shall not  
877 exceed twenty thousand dollars per application. The provisions of  
878 chapter 57, sections 4-212 to 4-219, inclusive, and section 4e-19 shall not  
879 apply to any agreement executed pursuant to this subsection.

880 [(g)] (i) The Commissioner of Public Health may implement policies  
881 and procedures necessary to administer the provisions of this section  
882 while in the process of adopting such policies and procedures as  
883 regulation, provided the commissioner holds a public hearing prior to  
884 implementing the policies and procedures and prints notice of intent to  
885 adopt regulations on the department's Internet web site and the  
886 eRegulations System not later than twenty days after the date of  
887 implementation. Policies and procedures implemented pursuant to  
888 this section shall be valid until the time final regulations are adopted.

889 Sec. 8. Subsection (e) of section 19a-639b of the general statutes is  
890 repealed and the following is substituted in lieu thereof (*Effective July*  
891 *1, 2017*):

892 (e) The Commissioner of Public Health may implement policies and  
893 procedures necessary to administer the provisions of this section while  
894 in the process of adopting such policies and procedures as regulation,  
895 provided the commissioner holds a public hearing prior to  
896 implementing the policies and procedures and prints notice of intent to

897 adopt regulations in the Connecticut Law Journal not later than twenty  
898 days after the date of implementation. Policies and procedures  
899 implemented pursuant to this section shall be valid until the time final  
900 regulations are adopted. [Final regulations shall be adopted by  
901 December 31, 2011.]

902 Sec. 9. Section 19a-639c of the general statutes is repealed and the  
903 following is substituted in lieu thereof (*Effective July 1, 2017*):

904 (a) Any health care facility that proposes to relocate a facility to an  
905 area identified in the state-wide health care facilities and services plan  
906 as underserved or having reduced access to specific types of health  
907 care services shall submit a [letter] determination request to the office  
908 [ as described in subsection (c) of section 19a-638. In addition to the  
909 requirements prescribed in said subsection (c), in such letter the health  
910 care facility shall demonstrate] that describes the project and  
911 demonstrates to the satisfaction of the office that the [population  
912 served by the health care facility and the payer mix will not  
913 substantially change as a result of the facility's proposed relocation]  
914 proposed area of relocation is identified in the state-wide health care  
915 facilities and services plan as underserved or having reduced access to  
916 specific types of health care services in such plan. If the facility is  
917 unable to demonstrate that the proposed area of relocation is identified  
918 in the state-wide health care facilities and services plan as underserved  
919 or having reduced access to specific types of health care services in  
920 such plan to the satisfaction of the office, [that the population served  
921 and the payer mix will not substantially change as a result of the  
922 proposed relocation,] the health care facility shall apply for certificate  
923 of need approval pursuant to subdivision [(1)] (7) of subsection (a) of  
924 section 19a-638, as amended by this act, in order to effectuate the  
925 proposed relocation.

926 (b) The Commissioner of Public Health may implement policies and  
927 procedures necessary to administer the provisions of this section while  
928 in the process of adopting such policies and procedures as regulation,

929 provided the commissioner holds a public hearing prior to  
930 implementing the policies and procedures and prints notice of intent to  
931 adopt regulations in the Connecticut Law Journal not later than twenty  
932 days after the date of implementation. Policies and procedures  
933 implemented pursuant to this section shall be valid until the time final  
934 regulations are adopted. [Final regulations shall be adopted by  
935 December 31, 2011.]

936 Sec. 10. Section 19a-639e of the general statutes is repealed and the  
937 following is substituted in lieu thereof (*Effective July 1, 2017*):

938 (a) [Unless otherwise required to file a certificate of need application  
939 pursuant to the provisions of subsection (a) of section 19a-638, any  
940 health care facility that proposes to terminate a service that was  
941 authorized pursuant to a certificate of need issued under this chapter  
942 shall file a modification request with] Any hospital or hospital system  
943 proposing to terminate inpatient or outpatient services due to  
944 insufficient patient volume or the lack of practitioners to support the  
945 effective delivery of care, as specified in subdivision (6) of subsection  
946 (a) of section 19a-638, as amended by this act, shall submit a  
947 determination request to the office not later than sixty days prior to the  
948 proposed date of the termination of the service. Such request shall  
949 include (1) the date on which the service or services will be terminated  
950 by the hospital or hospital system, (2) documentation that  
951 demonstrates that the hospital or hospital system is experiencing  
952 insufficient patient volume or lack of practitioners for the service,  
953 resulting in such hospital or hospital system being unable to support  
954 effective delivery of care, and (3) whether the termination of service  
955 will occur in a geographic area that has been identified in the state-  
956 wide health care facilities and services plan as being underserved or  
957 having reduced access to specific types of health care services. Any  
958 hospital or hospital system that is unable to demonstrate to the  
959 satisfaction of the office that the proposed termination is due to  
960 insufficient patient volume or the lack of practitioners to support the  
961 effective delivery of care shall be required to file a certificate of need



962 pursuant to subsection (a) of section 19a-638, as amended by this act.  
963 The office may request additional information from [the health care  
964 facility] such hospital or hospital system as necessary to process the  
965 [modification] request. [In addition, the office shall hold a public  
966 hearing on any request from a health care facility to terminate a service  
967 pursuant to this section if three or more individuals or an individual  
968 representing an entity with five or more people submits a request, in  
969 writing, that a public hearing be held on the health care facility's  
970 proposal to terminate a service.

971 (b) Unless otherwise required to file a certificate of need application  
972 pursuant to the provisions of subsection (a) of section 19a-638, any  
973 health care facility that proposes to terminate all services offered by  
974 such facility, that were authorized pursuant to one or more certificates  
975 of need issued under this chapter, shall provide notification to the  
976 office not later than sixty days prior to the termination of services and  
977 such facility shall surrender its certificate of need not later than thirty  
978 days prior to the termination of services.]

979 (b) Any person, physician, provider or hospital proposing to acquire  
980 a scanner that utilizes imaging techniques including, but not limited  
981 to, computed tomography, magnetic resonance imaging, positron  
982 emission tomography, positron emission tomography-computed  
983 tomography or single-photon emission computed tomography shall  
984 submit a determination request to the office not later than sixty days  
985 prior to the proposed date of the acquisition of the equipment, unless  
986 such proposed acquisition is for the purpose of replacing an existing  
987 scanner with a similar scanner, if such existing scanner was acquired  
988 through a certificate of need approval or a certificate of need  
989 determination, provided a person, physician, provider or hospital  
990 notifies the office of the date on which the scanner is replaced and the  
991 disposition of the replaced scanner. Such request shall include (1) the  
992 date on which the equipment is to be acquired, (2) the methods such  
993 person, physician, provider or hospital will utilize to minimize the  
994 practice of patient referrals in which the referring provider will stand

995 to financially gain from such referral, (3) demonstration that Medicaid  
996 recipients and indigent persons will have access to the services  
997 provided utilizing the equipment acquired, and (4) whether the  
998 equipment will be utilized in a geographic area that has been  
999 identified in the state-wide health care facilities and services plan as  
1000 being underserved or having reduced access to specific types of health  
1001 care services. Any person, physician, provider or hospital that fails to  
1002 sufficiently demonstrate to the satisfaction of the office that methods  
1003 will be utilized to minimize the practice of patient referrals in which  
1004 the referring provider will stand to financially gain from such referral  
1005 and that Medicaid recipients and indigent persons will have access to  
1006 the services provided utilizing the equipment acquired shall be  
1007 required to file a certificate of need pursuant to subsection (a) of  
1008 section 19a-638, as amended by this act. The office may request  
1009 additional information from such person, physician, provider or  
1010 hospital as necessary to process the request.

1011 (c) Any person proposing to establish a new hospital, new  
1012 freestanding emergency department or new outpatient surgical facility  
1013 in areas identified in the state-wide health care facilities and services  
1014 plan as underserved or having reduced access to specific types of  
1015 health care services shall submit a determination request to the office  
1016 not later than sixty days prior to the proposed establishment of such  
1017 new facility. Such request shall include (1) the date on which such new  
1018 health care facility is proposed to be operational, (2) a demonstration  
1019 that the new health care facility will be located in a geographic area  
1020 that has been identified in the state-wide health care facilities and  
1021 services plan as being underserved or having reduced access to  
1022 specific types of health care services, and (3) a demonstration that  
1023 Medicaid recipients and indigent persons will have access to the  
1024 services provided utilizing the equipment acquired. Any person  
1025 submitting a determination request that fails to sufficiently  
1026 demonstrate to the satisfaction of the office that such new health care  
1027 facility will be located in a geographic area that has been identified in

1028 the state-wide health care facilities and services plan as being  
1029 underserved or having reduced access to specific types of health care  
1030 services and will serve Medicaid recipients and indigent persons shall  
1031 be required to file a certificate of need pursuant to subsection (a) of  
1032 section 19a-638, as amended by this act. The office may request  
1033 additional information from such person as necessary to process the  
1034 request.

1035     [(c)] (d) Unless otherwise required to file a certificate of need  
1036 application pursuant to the provisions of subsection (a) of section 19a-  
1037 638, as amended by this act, any health care facility that proposes to  
1038 terminate the operation of a facility or service [for which a certificate of  
1039 need was not obtained] shall notify the office not later than sixty days  
1040 prior to terminating the operation of the facility or service. Such  
1041 notification shall include (1) the name and location of the health care  
1042 facility, (2) the reason for terminating the operation of the health care  
1043 facility or service, (3) other locations where patients may be able to  
1044 obtain the services that are provided by the health care facility that  
1045 intends to terminate its operation or services, and (4) the date the  
1046 health care facility will be terminating its operation or service  
1047 definition.

1048     [(d)] (e) The Commissioner of Public Health may adopt regulations,  
1049 in accordance with chapter 54, to implement the provisions of this  
1050 section. In addition, the commissioner may implement policies and  
1051 procedures necessary to administer the provisions of this section while  
1052 in the process of adopting such policies and procedures as regulation,  
1053 provided the commissioner holds a public hearing prior to  
1054 implementing the policies and procedures and prints notice of intent to  
1055 adopt regulations in the Connecticut Law Journal not later than twenty  
1056 days after the date of implementation. Policies and procedures  
1057 implemented pursuant to this section shall be valid until the time final  
1058 regulations are adopted. [Final regulations shall be adopted by  
1059 December 31, 2015.]

1060 Sec. 11. Section 19a-639f of the general statutes is repealed and the  
1061 following is substituted in lieu thereof (*Effective July 1, 2017*):

1062 (a) For purposes of this section:

1063 (1) "Dispersed service area" means a geographic area in which a  
1064 provider organization delivers health care services (A) based on the  
1065 number of zip codes, towns, counties or primary service areas in such  
1066 geographic area, and (B) the standards of which may vary based upon  
1067 the population density of such geographic area as compared to the  
1068 various other regions of the state.

1069 (2) "Health status adjusted total medical expense" means a measure  
1070 of the total cost of care, adjusted by health status, for the patient  
1071 population associated with a provider group, which may be (A)  
1072 calculated based on allowed claims for all categories of medical  
1073 expenses and all non-claims-related payments to providers, and (B)  
1074 expressed on a per member per month basis.

1075 (3) "Major service category" means a set of service categories that  
1076 may include (A) acute hospital inpatient services, by Medicare  
1077 Severity-Diagnosis Related Groups, (B) outpatient and ambulatory  
1078 services, by categories as defined by the federal Centers for Medicare  
1079 and Medicaid, and (C) behavioral, substance use disorder and mental  
1080 health services, by categories as defined by the federal Centers for  
1081 Medicare and Medicaid.

1082 (4) "Relative prices" means a measure that (A) compares amounts  
1083 paid to a provider relative to other providers for the same health care  
1084 services, and (B) may be calculated based on the contractually  
1085 negotiated amounts paid to providers by each private and public  
1086 health carrier for health care services, including, but not limited to,  
1087 non-claims-related payments, and expressed in the aggregate relative  
1088 to the payer's network-wide average amount paid to providers.

1089 (5) "Total health care spending" means a measure of all health care

1090 expenditures in the state from public and private sources, including  
1091 (A) all categories of medical expenses and all non-claims-related  
1092 payments to providers, (B) all patient cost-sharing amounts, including,  
1093 but not limited to, deductibles and copayments, and (C) the net cost of  
1094 private health insurance, which may be expressed as an annual per  
1095 capita sum.

1096     [(a)] (b) The Office of Healthcare Access division within the  
1097 Department of Public Health shall conduct a cost and market impact  
1098 review in each case where (1) an application for a certificate of need  
1099 filed pursuant to section 19a-638, as amended by this act, involves the  
1100 transfer of ownership of a hospital, as defined in section [19a-639, and  
1101 (2) the purchaser is a hospital, as defined in section 19a-490, whether  
1102 located within or outside the state, that had net patient revenue for  
1103 fiscal year 2013 in an amount greater than one billion five hundred  
1104 million dollars, or a hospital system, as defined in section 19a-486i,  
1105 whether located within or outside the state, that had net patient  
1106 revenue for fiscal year 2013 in an amount greater than one billion five  
1107 hundred million dollars or any person that is organized or operated  
1108 for profit] 19a-630, as amended by this act, or (2) an application for a  
1109 certificate of need filed pursuant to section 19a-638, as amended by this  
1110 act, involves the transfer of ownership of a health care facility, other  
1111 than a hospital or a large group practice to a hospital or hospital  
1112 system.

1113     [(b)] (c) Not later than twenty-one days after receipt of a properly  
1114 filed certificate of need application involving the transfer of ownership  
1115 of a hospital [filed on or after December 1, 2015, as described in  
1116 subsection (a) of this section] or the transfer of ownership of a health  
1117 care facility, other than a hospital, or large group practice to a hospital  
1118 or hospital system, the office shall initiate such cost and market impact  
1119 review by sending the transacting parties a written notice that shall  
1120 contain a description of the basis for the cost and market impact  
1121 review as well as a request for information and documents. Not later  
1122 than thirty days after receipt of such notice, the transacting parties

1123 shall submit to the office a written response. Such response shall  
1124 include, but need not be limited to, any information or documents  
1125 requested by the office concerning the transfer of ownership. [of the  
1126 hospital.] The office shall have the powers with respect to the cost and  
1127 market impact review as provided in section 19a-633.

1128     ~~[(c)]~~ (d) The office shall keep confidential all nonpublic information  
1129 and documents obtained pursuant to this section and shall not disclose  
1130 the information or documents to any person without the consent of the  
1131 person that produced the information or documents, except in a  
1132 preliminary report or final report issued in accordance with this  
1133 section if the office believes that such disclosure should be made in the  
1134 public interest after taking into account any privacy, trade secret or  
1135 anti-competitive considerations. Such information and documents  
1136 shall not be deemed a public record, under section 1-210, and shall be  
1137 exempt from disclosure.

1138     ~~[(d)]~~ (e) The cost and market impact review conducted pursuant to  
1139 this section shall examine factors relating to the businesses and relative  
1140 market positions of the transacting parties as defined in [subsection (d)  
1141 of section 19a-639] section 19a-630, as amended by this act, and may  
1142 include, but need not be limited to: (1) The transacting parties' size and  
1143 market share within its primary service area, by major service category  
1144 and within its dispersed service areas; (2) the transacting parties' prices  
1145 for services, including the transacting parties' relative prices compared  
1146 to other health care providers for the same services in the same market;  
1147 (3) the transacting parties' health status adjusted total medical expense,  
1148 including the transacting parties' health status adjusted total medical  
1149 expense compared to that of similar health care providers; (4) the  
1150 quality of the services provided by the transacting parties, including  
1151 patient experience; (5) the transacting parties' cost and cost trends in  
1152 comparison to total health care expenditures state wide; (6) the  
1153 availability and accessibility of services similar to those provided by  
1154 each transacting party, or proposed to be provided as a result of the  
1155 transfer of ownership [of a hospital] within each transacting party's

1156 primary service areas and dispersed service areas; (7) the impact of the  
1157 proposed transfer of ownership [of the hospital] on competing options  
1158 for the delivery of health care services within each transacting party's  
1159 primary service area and dispersed service area including the impact  
1160 on existing service providers; (8) the methods used by the transacting  
1161 parties to attract patient volume and to recruit or acquire health care  
1162 professionals or facilities; (9) the role of each transacting party in  
1163 serving at-risk, underserved and government payer patient  
1164 populations, including those with behavioral, substance use disorder  
1165 and mental health conditions, within each transacting party's primary  
1166 service area and dispersed service area; (10) the role of each transacting  
1167 party in providing low margin or negative margin services within each  
1168 transacting party's primary service area and dispersed service area;  
1169 (11) consumer concerns, including, but not limited to, complaints or  
1170 other allegations that a transacting party has engaged in any unfair  
1171 method of competition or any unfair or deceptive act or practice; and  
1172 (12) any other factors that the office determines to be in the public  
1173 interest.

1174 [(e)] (f) Not later than ninety days after the office determines that  
1175 there is substantial compliance with any request for documents or  
1176 information issued by the office in accordance with this section, or a  
1177 later date set by mutual agreement of the office and the transacting  
1178 parties, the office shall make factual findings and issue a preliminary  
1179 report on the cost and market impact review. Such preliminary report  
1180 shall include, but shall not be limited to, an indication as to whether a  
1181 transacting party meets the following criteria: (1) Currently has or,  
1182 following the proposed transfer of operations, [of the hospital,] is  
1183 likely to have a dominant market share for the services the transacting  
1184 party provides; and (2) (A) currently charges or, following the  
1185 proposed transfer of operations, [of the hospital,] is likely to charge  
1186 prices for services that are materially higher than the median prices  
1187 charged by all other health care providers for the same services in the  
1188 same market, or (B) currently has or, following the proposed transfer

1189 of operations, [of a hospital,] is likely to have a health status adjusted  
1190 total medical expense that is materially higher than the median total  
1191 medical expense for all other health care providers for the same service  
1192 in the same market.

1193     ~~[(f)]~~ (g) The transacting parties that are the subject of the cost and  
1194 market impact review may respond in writing to the findings in the  
1195 preliminary report issued in accordance with subsection ~~[(e)]~~ (f) of this  
1196 section not later than thirty days after the issuance of the preliminary  
1197 report. Not later than sixty days after the issuance of the preliminary  
1198 report, the office shall issue a final report of the cost and market impact  
1199 review. The office shall refer to the Attorney General any final report  
1200 on any proposed transfer of ownership that meets the criteria  
1201 described in subsection ~~[(e)]~~ (f) of this section.

1202     ~~[(g)]~~ (h) Nothing in this section shall prohibit a transfer of  
1203 ownership [of a hospital] as described in subsection (b) of this section,  
1204 provided any such proposed transfer shall not be completed (1) less  
1205 than thirty days after the office has issued a final report on a cost and  
1206 market impact review, if such review is required, or (2) while any  
1207 action brought by the Attorney General pursuant to subsection ~~[(h)]~~ (i)  
1208 of this section is pending and before a final judgment on such action is  
1209 issued by a court of competent jurisdiction.

1210     ~~[(h)]~~ (i) After the office refers a final report on a transfer of  
1211 ownership [of a hospital] as described in subsection (b) of this section  
1212 to the Attorney General under subsection (f) of this section, the  
1213 Attorney General may: (1) Conduct an investigation to determine  
1214 whether the transacting parties engaged, or, as a result of completing  
1215 the transfer of ownership, [of the hospital,] are expected to engage in  
1216 unfair methods of competition, anti-competitive behavior or other  
1217 conduct in violation of chapter 624 or 735a or any other state or federal  
1218 law; and (2) if appropriate, take action under chapter 624 or 735a or  
1219 any other state law to protect consumers in the health care market. The  
1220 office's final report may be evidence in any such action.



1221        [(i)] (j) For the purposes of this section, the provisions of chapter  
1222 735a may be directly enforced by the Attorney General. Nothing in this  
1223 section shall be construed to modify, impair or supersede the  
1224 operation of any state antitrust law or otherwise limit the authority of  
1225 the Attorney General to (1) take any action against a transacting party  
1226 as authorized by any law, or (2) protect consumers in the health care  
1227 market under any law. Notwithstanding subdivision (1) of subsection  
1228 (a) of section 42-110c, the transacting parties shall be subject to chapter  
1229 735a.

1230        [(j)] (k) The office shall retain an independent consultant with  
1231 expertise on the economic analysis of the health care market and health  
1232 care costs and prices to conduct each cost and market impact review,  
1233 as described in this section. [The office shall submit bills for such  
1234 services to the purchaser, as defined in subsection (d) of section 19a-  
1235 639. Such purchaser] Upon the filing of an application involving the  
1236 transfer of ownership, the purchaser shall establish an escrow account  
1237 pursuant to a formal escrow agreement provided by the Office of  
1238 Health Care Access for the purpose of paying the bills for services  
1239 provided by the independent consultant. The purchaser shall initially  
1240 fund the escrow account with two hundred thousand dollars. The  
1241 office shall submit bills for independent consultant services to the  
1242 purchaser, as defined in section 19a-630, as amended by this act. The  
1243 escrow agent shall pay such bills out of the escrow account directly to  
1244 the independent consultant not later than thirty days after receipt of  
1245 each bill by the purchaser. Such bills shall not exceed two hundred  
1246 thousand dollars per application. The provisions of chapter 57, sections  
1247 4-212 to 4-219, inclusive, and section 4e-19 shall not apply to any  
1248 agreement executed pursuant to this subsection.

1249        [(k)] (l) Any employee of the office who directly oversees or assists  
1250 in conducting a cost and market impact review shall not take part in  
1251 factual deliberations or the issuance of a preliminary or final decision  
1252 on the certificate of need application concerning the transfer of  
1253 ownership [of a hospital] that is the subject of such cost and market

1254 impact review.

1255       [(l)] (m) The Commissioner of Public Health shall adopt regulations,  
1256 in accordance with the provisions of chapter 54, concerning cost and  
1257 market impact reviews and to administer the provisions of this section.  
1258 [Such regulations shall include definitions of the following terms:  
1259 "Dispersed service area", "health status adjusted total medical  
1260 expense", "major service category", "relative prices", "total health care  
1261 spending" and "health care services".] The commissioner may  
1262 implement policies and procedures necessary to administer the  
1263 provisions of this section while in the process of adopting such policies  
1264 and procedures in regulation form, provided the commissioner  
1265 publishes notice of intention to adopt the regulations on the  
1266 Department of Public Health's Internet web site and the eRegulations  
1267 System not later than twenty days after implementing such policies  
1268 and procedures. Policies and procedures implemented pursuant to this  
1269 subsection shall be valid until the time such regulations are effective.

1270       Sec. 12. Section 19a-653 of the general statutes is repealed and the  
1271 following is substituted in lieu thereof (*Effective July 1, 2017*):

1272       (a) [Any] The Department of Public Health may impose a civil  
1273 penalty of up to one thousand dollars per day on any person or health  
1274 care facility or institution that [is required to] negligently fails to (1) file  
1275 a certificate of need for any of the activities described in section 19a-  
1276 638, [and any person or health care facility or institution that is  
1277 required to] as amended by this act, for each day such activities are  
1278 conducted without the certificate of need approval, (2) file data or  
1279 information under any public or special act or under this chapter or  
1280 sections 19a-486 to 19a-486h, inclusive, or any regulation adopted or  
1281 order issued under this chapter or said sections [, which wilfully fails  
1282 to seek certificate of need approval for any of the activities described in  
1283 section 19a-638 or to so file within prescribed time periods, shall be  
1284 subject to a civil penalty of up to one thousand dollars a day for each  
1285 day such person or health care facility or institution conducts any of

1286 the described activities without certificate of need approval as required  
1287 by section 19a-638 or for each day such information is missing,  
1288 incomplete or inaccurate] within prescribed time periods, for each day  
1289 such data or information is missing, incomplete or inaccurate, or (3)  
1290 comply with a condition in accordance with subsection (h) of section  
1291 19a-639, as amended by this act, for each day such condition is  
1292 breached. Any civil penalty authorized by this section shall be  
1293 imposed by the Department of Public Health in accordance with  
1294 subsections (b) to (e), inclusive, of this section.

1295 (b) If the Department of Public Health has reason to believe that a  
1296 violation has occurred for which a civil penalty is authorized by  
1297 subsection (a) of this section or subsection (e) of section 19a-632, it shall  
1298 notify the person or health care facility or institution by first-class mail  
1299 or personal service. The notice shall include: (1) A reference to the  
1300 sections of the statute or regulation involved; (2) a short and plain  
1301 statement of the matters asserted or charged; (3) a statement of the  
1302 amount of the civil penalty or penalties to be imposed; (4) the initial  
1303 date of the imposition of the penalty; and (5) a statement of the party's  
1304 right to a hearing.

1305 (c) The person or health care facility or institution to whom the  
1306 notice is addressed shall have fifteen business days from the date of  
1307 mailing of the notice to make written application to the office to  
1308 request (1) a hearing to contest the imposition of the penalty, or (2) an  
1309 extension of time to file the required data. A failure to make a timely  
1310 request for a hearing or an extension of time to file the required data or  
1311 a denial of a request for an extension of time shall result in a final order  
1312 for the imposition of the penalty. All hearings under this section shall  
1313 be conducted pursuant to sections 4-176e to 4-184, inclusive. The  
1314 Department of Public Health may grant an extension of time for filing  
1315 the required data or mitigate or waive the penalty upon such terms  
1316 and conditions as, in its discretion, it deems proper or necessary upon  
1317 consideration of any extenuating factors or circumstances.

1318 (d) A final order of the Department of Public Health assessing a civil  
1319 penalty shall be subject to appeal as set forth in section 4-183 after a  
1320 hearing before the office pursuant to subsection (c) of this section,  
1321 except that any such appeal shall be taken to the superior court for the  
1322 judicial district of New Britain. Such final order shall not be subject to  
1323 appeal under any other provision of the general statutes. No challenge  
1324 to any such final order shall be allowed as to any issue which could  
1325 have been raised by an appeal of an earlier order, denial or other final  
1326 decision by the Department of Public Health.

1327 (e) If any person or health care facility or institution fails to pay any  
1328 civil penalty under this section, after the assessment of such penalty  
1329 has become final the amount of such penalty may be deducted from  
1330 payments to such person or health care facility or institution from the  
1331 Medicaid account.

1332 Sec. 13. Subsection (a) of section 19a-486d of the general statutes is  
1333 repealed and the following is substituted in lieu thereof (*Effective July*  
1334 *1, 2017*):

1335 (a) The commissioner shall deny an application filed pursuant to  
1336 subsection (d) of section 19a-486a unless the commissioner finds that:  
1337 (1) In a situation where the asset or operation to be transferred  
1338 provides or has provided health care services to the uninsured or  
1339 underinsured, the purchaser has made a commitment to provide  
1340 health care to the uninsured and the underinsured; (2) in a situation  
1341 where health care providers or insurers will be offered the opportunity  
1342 to invest or own an interest in the purchaser or an entity related to the  
1343 purchaser safeguard procedures are in place to avoid a conflict of  
1344 interest in patient referral; and (3) certificate of need authorization is  
1345 justified in accordance with chapter 368z. The commissioner may  
1346 contract with any person, including, but not limited to, financial or  
1347 actuarial experts or consultants, or legal experts with the approval of  
1348 the Attorney General, to assist in reviewing the completed application.  
1349 The commissioner shall submit any bills for such contracts to the

1350 purchaser. Such bills shall not exceed one hundred fifty thousand  
1351 dollars. [The purchaser] Upon the filing of an application pursuant to  
1352 subsection (d) of section 19a-486a, the purchaser shall establish an  
1353 escrow account pursuant to a formal escrow agreement provided by  
1354 the Office of Health Care Access for the purpose of paying bills for  
1355 services provided by the consultant. The purchaser shall initially fund  
1356 the escrow account with one hundred fifty thousand dollars. The  
1357 escrow agent shall pay such bills [no] out of the escrow account  
1358 directly to the expert or consultant not later than thirty days after the  
1359 date of receipt of [such bills] each bill by the purchaser.

1360 Sec. 14. Section 19a-486i of the general statutes is repealed and the  
1361 following is substituted in lieu thereof (*Effective July 1, 2017*):

1362 (a) As used in this section:

1363 (1) "Affiliation" means the formation of a relationship between two  
1364 or more entities that permits the entities to negotiate jointly with third  
1365 parties over rates for professional medical services;

1366 (2) "Captive professional entity" means a partnership, professional  
1367 corporation, limited liability company or other entity formed to render  
1368 professional services in which a partner, a member, a shareholder or a  
1369 beneficial owner is a physician, directly or indirectly, employed by,  
1370 controlled by, subject to the direction of, or otherwise designated by  
1371 (A) a hospital, (B) a hospital system, (C) a medical school, (D) a  
1372 medical foundation, organized pursuant to subsection (a) of section 33-  
1373 182bb, or (E) any entity that controls, is controlled by or is under  
1374 common control with, whether through ownership, governance,  
1375 contract or otherwise, another person, entity or organization described  
1376 in subparagraphs (A) to (D), inclusive, of this subdivision;

1377 (3) "Hospital" has the same meaning as provided in section [19a-490]  
1378 19a-646;

1379 (4) "Hospital system" means: (A) A parent corporation of one or

1380 more hospitals and any entity affiliated with such parent corporation  
1381 through ownership, governance or membership; [.] or (B) a hospital  
1382 and any entity affiliated with such hospital through ownership,  
1383 governance or membership;

1384 (5) "Health care provider" has the same meaning as provided in  
1385 section 19a-17b;

1386 (6) "Medical foundation" means a medical foundation formed under  
1387 chapter 594b;

1388 (7) "Physician" has the same meaning as provided in section 20-13a;

1389 (8) "Person" has the same meaning as provided in section 35-25;

1390 (9) "Professional corporation" has the same meaning as provided in  
1391 section 33-182a;

1392 (10) "Group practice" means two or more physicians, legally  
1393 organized in a partnership, professional corporation, limited liability  
1394 company formed to render professional services, medical foundation,  
1395 not-for-profit corporation, faculty practice plan or other similar entity  
1396 (A) in which each physician who is a member of the group provides  
1397 substantially the full range of services that the physician routinely  
1398 provides, including, but not limited to, medical care, consultation,  
1399 diagnosis or treatment, through the joint use of shared office space,  
1400 facilities, equipment or personnel; (B) for which substantially all of the  
1401 services of the physicians who are members of the group are provided  
1402 through the group and are billed in the name of the group practice and  
1403 amounts so received are treated as receipts of the group; or (C) in  
1404 which the overhead expenses of, and the income from, the group are  
1405 distributed in accordance with methods previously determined by  
1406 members of the group. An entity that otherwise meets the definition of  
1407 group practice under this section shall be considered a group practice  
1408 although its shareholders, partners or owners of the group practice  
1409 include single-physician professional corporations, limited liability

1410 companies formed to render professional services or other entities in  
1411 which beneficial owners are individual physicians; and

1412 (11) "Primary service area" means the smallest number of zip codes  
1413 from which the group practice draws at least seventy-five per cent of  
1414 its patients.

1415 (b) At the same time that any person conducting business in this  
1416 state that files merger, acquisition or any other information regarding  
1417 market concentration with the Federal Trade Commission or the  
1418 United States Department of Justice, in compliance with the Hart-  
1419 Scott-Rodino Antitrust Improvements Act, 15 USC 18a, where a  
1420 hospital, hospital system or other health care provider is a party to the  
1421 merger or acquisition that is the subject of such information, such  
1422 person shall provide written notification to the Attorney General of  
1423 such filing and, upon the request of the Attorney General, provide a  
1424 copy of such merger, acquisition or other information.

1425 (c) Not less than thirty days prior to the effective date of any  
1426 transaction that results in a material change to the business or  
1427 corporate structure of a group practice, the parties to the transaction  
1428 shall submit written notice to the Attorney General of such material  
1429 change. For purposes of this subsection, a material change to the  
1430 business or corporate structure of a group practice includes: (1) The  
1431 merger, consolidation or other affiliation of a group practice with (A)  
1432 another group practice that results in a group practice comprised of  
1433 eight or more physicians, or (B) a hospital, hospital system, captive  
1434 professional entity, medical foundation or other entity organized or  
1435 controlled by such hospital or hospital system; (2) the acquisition of all  
1436 or substantially all of (A) the properties and assets of a group practice,  
1437 or (B) the capital stock, membership interests or other equity interests  
1438 of a group practice by (i) another group practice that results in a group  
1439 practice comprised of eight or more physicians, or (ii) a hospital,  
1440 hospital system, captive professional entity, medical foundation or  
1441 other entity organized or controlled by such hospital or hospital

1442 system; (3) the employment of all or substantially all of the physicians  
1443 of a group practice by (A) another group practice that results in a  
1444 group practice comprised of eight or more physicians, or (B) a hospital,  
1445 hospital system, captive professional entity, medical foundation or  
1446 other entity organized by, controlled by or otherwise affiliated with  
1447 such hospital or hospital system; and (4) the acquisition of one or more  
1448 insolvent group practices by (A) another group practice that results in  
1449 a group practice comprised of eight or more physicians, or (B) a  
1450 hospital, hospital system, captive professional entity, medical  
1451 foundation or other entity organized by, controlled by or otherwise  
1452 affiliated with such hospital or hospital system.

1453 (d) (1) The written notice required under subsection (c) of this  
1454 section shall identify each party to the transaction and describe the  
1455 material change as of the date of such notice to the business or  
1456 corporate structure of the group practice, including: (A) A description  
1457 of the nature of the proposed relationship among the parties to the  
1458 proposed transaction; (B) the names and specialties of each physician  
1459 that is a member of the group practice that is the subject of the  
1460 proposed transaction and who will practice medicine with the  
1461 resulting group practice, hospital, hospital system, captive professional  
1462 entity, medical foundation or other entity organized by, controlled by,  
1463 or otherwise affiliated with such hospital or hospital system following  
1464 the effective date of the transaction; (C) the names of the business  
1465 entities that are to provide services following the effective date of the  
1466 transaction; (D) the address for each location where such services are  
1467 to be provided; (E) a description of the services to be provided at each  
1468 such location; and (F) the primary service area to be served by each  
1469 such location.

1470 (2) Not later than thirty days after the effective date of any  
1471 transaction described in subsection (c) of this section, the parties to the  
1472 transaction shall submit written notice to the Commissioner of Public  
1473 Health. Such written notice shall include, but need not be limited to,  
1474 the same information described in subdivision (1) of this subsection.



1475 The commissioner shall post a link to such notice on the Department of  
1476 Public Health's Internet web site.

1477 (e) Not less than thirty days prior to the effective date of any  
1478 transaction that results in an affiliation between one hospital or  
1479 hospital system and another hospital or hospital system, the parties to  
1480 the affiliation shall submit written notice to the Attorney General of  
1481 such affiliation. Such written notice shall identify each party to the  
1482 affiliation and describe the affiliation as of the date of such notice,  
1483 including: (1) A description of the nature of the proposed relationship  
1484 among the parties to the affiliation; (2) the names of the business  
1485 entities that are to provide services following the effective date of the  
1486 affiliation; (3) the address for each location where such services are to  
1487 be provided; (4) a description of the services to be provided at each  
1488 such location; and (5) the primary service area to be served by each  
1489 such location.

1490 (f) Written information submitted to the Attorney General pursuant  
1491 to subsections (b) to (e), inclusive, of this section shall be maintained  
1492 and used by the Attorney General in the same manner as provided in  
1493 section 35-42.

1494 (g) Not later than [December 31, 2014] January 15, 2018, and  
1495 annually thereafter, each hospital and hospital system shall file with  
1496 the Attorney General and the Commissioner of Public Health a written  
1497 report describing the activities of the group practices owned or  
1498 affiliated with such hospital or hospital system. Such report shall  
1499 include, for each such group practice: (1) A description of the nature of  
1500 the relationship between the hospital or hospital system and the group  
1501 practice; (2) the names and specialties of each physician practicing  
1502 medicine with the group practice; (3) the names of the business entities  
1503 that provide services as part of the group practice and the address for  
1504 each location where such services are provided; (4) a description of the  
1505 services provided at each such location; and (5) the primary service  
1506 area served by each such location.

1507 (h) Not later than [December 31, 2014] January 15, 2018, and  
1508 annually thereafter, each group practice comprised of thirty or more  
1509 physicians that is not the subject of a report filed under subsection (g)  
1510 of this section shall file with the Attorney General and the  
1511 Commissioner of Public Health a written report concerning the group  
1512 practice. Such report shall include, for each such group practice: (1)  
1513 The names and specialties of each physician practicing medicine with  
1514 the group practice; (2) the names of the business entities that provide  
1515 services as part of the group practice and the address for each location  
1516 where such services are provided; (3) a description of the services  
1517 provided at each such location; and (4) the primary service area served  
1518 by each such location.

1519 (i) Not later than [December 31, 2015] January 15, 2018, and  
1520 annually thereafter, each hospital and hospital system shall file with  
1521 the Attorney General and the Commissioner of Public Health a written  
1522 report describing each affiliation with another hospital or hospital  
1523 system. Such report shall include: (1) The name and address of each  
1524 party to the affiliation; (2) a description of the nature of the  
1525 relationship among the parties to the affiliation; (3) the names of the  
1526 business entities that provide services as part of the affiliation and the  
1527 address for each location where such services are provided; (4) a  
1528 description of the services provided at each such location; and (5) the  
1529 primary service area served by each such location.

1530 Sec. 15. Subsections (a) to (c), inclusive, of section 17b-352 of the  
1531 general statutes are repealed and the following is substituted in lieu  
1532 thereof (*Effective July 1, 2017*):

1533 (a) For the purposes of this section and section 17b-353, as amended  
1534 by this act, "facility" means a residential facility for persons with  
1535 intellectual disability licensed pursuant to section 17a-277 and certified  
1536 to participate in the Title XIX Medicaid program as an intermediate  
1537 care facility for individuals with intellectual disabilities, a nursing  
1538 home, rest home or residential care home, as defined in section 19a-

1539 490. "Facility" does not include a nursing home that does not  
1540 participate in the Medicaid program and is associated with a  
1541 continuing care facility as described in section 17b-520.

1542 (b) Any facility which intends to (1) transfer all or part of its  
1543 ownership or control prior to being initially licensed; (2) introduce any  
1544 additional function or service into its program of care or expand an  
1545 existing function or service; [or] (3) terminate a service or decrease  
1546 substantially its total bed capacity; or (4) relocate all or a portion of  
1547 such facility's licensed beds, to a new facility or replacement facility,  
1548 shall submit a complete request for permission to implement such  
1549 transfer, addition, expansion, increase, termination, [or] decrease or  
1550 relocation of facility beds with such information as the department  
1551 requires to the Department of Social Services, provided no permission  
1552 or request for permission to close a facility is required when a facility  
1553 in receivership is closed by order of the Superior Court pursuant to  
1554 section 19a-545. The Office of the Long-Term Care Ombudsman  
1555 pursuant to section 17a-405 shall be notified by the facility of any  
1556 proposed actions pursuant to this subsection at the same time the  
1557 request for permission is submitted to the department and when a  
1558 facility in receivership is closed by order of the Superior Court  
1559 pursuant to section 19a-545.

1560 (c) An applicant, prior to submitting a certificate of need  
1561 application, shall request, in writing, application forms and  
1562 instructions from the department. The request shall include: (1) The  
1563 name of the applicant or applicants; (2) a statement indicating whether  
1564 the application is for (A) a new, additional, expanded or replacement  
1565 facility, service or function or relocation of facility beds, (B) a  
1566 termination or reduction in a presently authorized service or bed  
1567 capacity, or (C) any new, additional or terminated beds and their type;  
1568 (3) the estimated capital cost; (4) the town where the project is or will  
1569 be located; and (5) a brief description of the proposed project. Such  
1570 request shall be deemed a letter of intent. No certificate of need  
1571 application shall be considered submitted to the department unless a

1572 current letter of intent, specific to the proposal and in accordance with  
1573 the provisions of this subsection, has been on file with the department  
1574 for not less than ten business days. For purposes of this subsection, "a  
1575 current letter of intent" means a letter of intent on file with the  
1576 department for not more than one hundred eighty days. A certificate  
1577 of need application shall be deemed withdrawn by the department, if a  
1578 department completeness letter is not responded to within one  
1579 hundred eighty days. The Office of the Long-Term Care Ombudsman  
1580 shall be notified by the facility at the same time as the letter of intent is  
1581 submitted to the department.

1582 Sec. 16. Section 17b-353 of the general statutes is repealed and the  
1583 following is substituted in lieu thereof (*Effective July 1, 2017*):

1584 (a) Any facility, as defined in subsection (a) of section 17b-352,  
1585 which proposes [(1) a capital expenditure] to incur (1) capital  
1586 expenditures exceeding one million dollars, which increases facility  
1587 square footage by more than five thousand square feet or five per cent  
1588 of the existing square footage, whichever is greater, [(2) a capital  
1589 expenditure] or (2) capital expenditures exceeding two million dollars,  
1590 [or (3) the acquisition of major medical equipment requiring a capital  
1591 expenditure in excess of four hundred thousand dollars, including the  
1592 leasing of equipment or space,] shall submit a request for approval of  
1593 such expenditure, with such information as the department requires,  
1594 to the Department of Social Services. [Any such facility which  
1595 proposes to acquire imaging equipment requiring a capital  
1596 expenditure in excess of four hundred thousand dollars, including the  
1597 leasing of such equipment, shall obtain the approval of the Office of  
1598 Health Care Access division of the Department of Public Health in  
1599 accordance with the provisions of chapter 368z, subsequent to  
1600 obtaining the approval of the Commissioner of Social Services. Prior to  
1601 the facility's obtaining the imaging equipment, the Commissioner of  
1602 Public Health, after consultation with the Commissioner of Social  
1603 Services, may elect to perform a joint or simultaneous review with the  
1604 Department of Social Services.]

1605 (b) An applicant, prior to submitting a certificate of need  
1606 application, shall request, in writing, application forms and  
1607 instructions from the department. The request shall include: (1) The  
1608 name of the applicant or applicants; (2) a statement indicating whether  
1609 the application is for (A) a new, additional, expanded or replacement  
1610 facility, service or function, (B) a termination or reduction in a  
1611 presently authorized service or bed capacity or relocation of facility  
1612 beds, or (C) any new, additional or terminated beds and their type; (3)  
1613 the estimated capital cost; (4) the town where the project is or will be  
1614 located; and (5) a brief description of the proposed project. Such  
1615 request shall be deemed a letter of intent. No certificate of need  
1616 application shall be considered submitted to the department unless a  
1617 current letter of intent, specific to the proposal and in accordance with  
1618 the provisions of this subsection, has been on file with the department  
1619 for not less than ten business days. For purposes of this subsection, "a  
1620 current letter of intent" means a letter of intent on file with the  
1621 department for not more than one hundred eighty days. A certificate  
1622 of need application shall be deemed withdrawn by the department if a  
1623 department completeness letter is not responded to within one  
1624 hundred eighty days.

1625 (c) In conducting its activities pursuant to this section, section 17b-  
1626 352, as amended by this act, or both, except as provided for in  
1627 subsection (d) of this section, the Commissioner of Social Services or  
1628 said commissioner's designee may hold a public hearing on an  
1629 application or on more than one application, if such applications are of  
1630 a similar nature with respect to the request. At least two weeks' notice  
1631 of the hearing shall be given to the facility by certified mail and to the  
1632 public by publication in a newspaper having a substantial circulation  
1633 in the area served by the facility. Such hearing shall be held at the  
1634 discretion of the commissioner in Hartford or in the area so served.  
1635 The commissioner or the commissioner's designee shall consider such  
1636 request in relation to the community or regional need for such capital  
1637 program or purchase of land, the possible effect on the operating costs

1638 of the facility and such other relevant factors as the commissioner or  
1639 the commissioner's designee deems necessary. In approving or  
1640 modifying such request, the commissioner or the commissioner's  
1641 designee may not prescribe any condition, such as, but not limited to,  
1642 any condition or limitation on the indebtedness of the facility in  
1643 connection with a bond issued, the principal amount of any bond  
1644 issued or any other details or particulars related to the financing of  
1645 such capital expenditure, not directly related to the scope of such  
1646 capital program and within the control of the facility. If the hearing is  
1647 conducted by a designee of the commissioner, the designee shall  
1648 submit any findings and recommendations to the commissioner. The  
1649 commissioner shall grant, modify or deny such request within ninety  
1650 days, except as provided for in this section. Upon the request of the  
1651 applicant, the review period may be extended for an additional fifteen  
1652 days if the commissioner or the commissioner's designee has requested  
1653 additional information subsequent to the commencement of the review  
1654 period. The commissioner or the commissioner's designee may extend  
1655 the review period for a maximum of thirty days if the applicant has not  
1656 filed in a timely manner information deemed necessary by the  
1657 commissioner or the commissioner's designee.

1658 (d) [No] Except as provided in this subsection, no facility shall be  
1659 allowed to close or decrease substantially its total bed capacity until  
1660 such time as a public hearing has been held in accordance with the  
1661 provisions of this subsection and the Commissioner of Social Services  
1662 has approved the facility's request unless such decrease is associated  
1663 with a census reduction. The commissioner may impose a civil penalty  
1664 of not more than five thousand dollars on any facility that fails to  
1665 comply with the provisions of this subsection. Penalty payments  
1666 received by the commissioner pursuant to this subsection shall be  
1667 deposited in the special fund established by the department pursuant  
1668 to subsection (c) of section 17b-357 and used for the purposes specified  
1669 in said subsection (c). The commissioner or the commissioner's  
1670 designee shall hold a public hearing upon the earliest occurrence of: (1)

1671 Receipt of any letter of intent submitted by a facility to the department,  
1672 or (2) receipt of any certificate of need application. Such hearing shall  
1673 be held at the facility for which the letter of intent or certificate of need  
1674 application was submitted not later than thirty days after the date on  
1675 which such letter or application was received by the commissioner.  
1676 The commissioner or the commissioner's designee shall provide both  
1677 the facility and the public with notice of the date of the hearing not less  
1678 than fourteen days in advance of such date. Notice to the facility shall  
1679 be by certified mail and notice to the public shall be by publication in a  
1680 newspaper having a substantial circulation in the area served by the  
1681 facility. The provisions of this subsection shall not apply to any  
1682 certificate of need approval requested for the relocation of a facility, or  
1683 a portion of a facility's licensed beds, to a new or replacement facility.

1684 (e) The Commissioner of Social Services shall adopt regulations, in  
1685 accordance with chapter 54, to implement the provisions of this  
1686 section. The commissioner shall implement the standards and  
1687 procedures of the Office of Health Care Access division of the  
1688 Department of Public Health concerning certificates of need  
1689 established pursuant to section 19a-643, as appropriate for the  
1690 purposes of this section, until the time final regulations are adopted in  
1691 accordance with said chapter 54.

1692 Sec. 17. Section 17b-354 of the general statutes is repealed and the  
1693 following is substituted in lieu thereof (*Effective July 1, 2017*):

1694 (a) The Department of Social Services shall not accept or approve  
1695 any requests for additional nursing home beds, except (1) beds  
1696 restricted to use by patients with acquired immune deficiency  
1697 syndrome or by patients requiring neurological rehabilitation; (2) beds  
1698 associated with a continuing care facility, [which guarantees life care  
1699 for its residents] as described in section 17b-520, provided such beds  
1700 are not used in the Medicaid program. For the purpose of this  
1701 subsection, beds associated with a continuing care facility are not  
1702 subject to the certificate of need provisions pursuant to sections 17b-

1703 352 and 17b-353, as amended by this act; (3) Medicaid certified beds to  
1704 be relocated from one licensed nursing facility to another licensed  
1705 nursing facility to meet a priority need identified in the strategic plan  
1706 developed pursuant to subsection (c) of section 17b-369; and (4)  
1707 [Medicaid beds to be relocated from a licensed facility or facilities to a  
1708 new licensed facility, provided at least one currently licensed facility is  
1709 closed in the transaction, and the new facility bed total is not less than  
1710 ten per cent lower than the total number of beds relocated. The]  
1711 licensed Medicaid nursing facility beds to be relocated from one or  
1712 more existing nursing facilities to a new nursing facility, provided (A)  
1713 no new Medicaid certified beds are added, (B) at least one currently  
1714 licensed facility is closed in the transaction as a result of the relocation,  
1715 (C) the new or relocated facility bed total is no more than ninety per  
1716 cent of the total number of the licensed beds of the facility from which  
1717 such beds shall be relocated and no such relocation shall result in an  
1718 increase in state expenditures, (D) the facility participates in the Money  
1719 Follows the Person demonstration project pursuant to section 17b-369,  
1720 (E) the availability of beds in the area of need will not be adversely  
1721 affected, (F) the certificate of need approval for such new facility or  
1722 facility relocation and the associated capital expenditures are obtained  
1723 pursuant to sections 17b-352 and 17b-353, as amended by this act, and  
1724 (G) the facilities included in the bed relocation and closure shall be in  
1725 accordance with the strategic plan developed pursuant to subsection  
1726 (c) of section 17b-369. ], provided (A) the availability of beds in an area  
1727 of need will not be adversely affected; and (B) no such relocation shall  
1728 result in an increase in state expenditures.

1729 (b) For the purposes of subsection (a) of this section, "a continuing  
1730 care facility which guarantees life care for its residents" means: (1) A  
1731 facility which does not participate in the Medicaid program; (2) a  
1732 facility which establishes its financial stability by submitting to the  
1733 commissioner documentation which (A) demonstrates in financial  
1734 statements compiled by certified public accountants that the facility  
1735 and its direct or indirect owners have (i) on the date of the certificate of



1736 need application and for five years preceding such date, net assets or  
1737 reserves equal to or greater than the projected operating revenues for  
1738 the facility in its first two years of operation or (ii) assets or other  
1739 indications of financial stability determined by the commissioner to be  
1740 sufficient to provide for the financial stability of the facility based on  
1741 its proposed financial structure and operations, (B) demonstrates in  
1742 financial statements compiled by certified public accountants that the  
1743 facility, on the date of the certificate of need application, has a  
1744 projected debt coverage ratio at ninety-five per cent occupancy of at  
1745 least one and twenty-five one-hundredths, (C) details the financial  
1746 operation and projected cash flow of the facility on the date of the  
1747 certificate of need application, to be updated every five years  
1748 thereafter, and demonstrates that fees payable by residents and the  
1749 assets, income and insurance coverage of residents, in combination  
1750 with other sources of facility funding, are sufficient to provide for the  
1751 expenses of life care services for the life of the residents to be made  
1752 available within a continuum of care which shall include the provision  
1753 of health services in the independent living units, and (D) provides  
1754 that any transfer of ownership of the facility to take place within a five-  
1755 year period from the date of approval of its certificate of need shall be  
1756 subject to the approval of the Commissioner of Social Services in  
1757 accordance with the provisions of section 17b-355; (3) a facility which  
1758 establishes to the satisfaction of the commissioner that it can provide  
1759 for the expenses of the continuum of care to be made available to  
1760 residents by complying with the provisions of chapter 319f and  
1761 demonstrating sufficient assets, income, financial reserves or long-term  
1762 care insurance to provide for such expenses and maintain financially  
1763 viable operation of the facility for a thirty-year period based on  
1764 generally accepted accounting practices and actuarial principles, which  
1765 demonstration (A) may include making available to prospective  
1766 residents long-term care insurance policies which are substantially  
1767 equivalent in value and coverage to policies precertified pursuant to  
1768 section 38a-475, (B) shall include establishing eligibility criteria and  
1769 screening each resident prior to admission and annually thereafter to

1770 ensure that his assets, income and insurance coverage are sufficient in  
1771 combination with other sources of facility funding to cover such  
1772 expenses, (C) shall include entering into contracts with residents  
1773 concerning monthly or other periodic fees payable by residents for  
1774 services provided, and (D) allowing residents whose expenses are not  
1775 covered by insurance to pledge or transfer income, assets or proceeds  
1776 from the sale of assets in amounts sufficient to cover such expenses; (4)  
1777 a facility which demonstrates it will establish a contingency fund, prior  
1778 to becoming operational, in an initial amount of five hundred  
1779 thousand dollars which shall be increased in equal annual increments  
1780 to at least one million dollars by the start of the facility's sixth year of  
1781 operation and which shall be replenished within twelve months of any  
1782 expenditure, provided the amount to be replenished shall not exceed  
1783 two hundred fifty thousand dollars annually until one million dollars  
1784 is reached, to provide for the expenses of the continuum of care to be  
1785 made available to residents which may not be covered by residents'  
1786 assets, income or insurance, provided the commissioner may approve  
1787 the establishment of a contingency fund in a lesser amount upon the  
1788 application of a facility for which a lesser amount is appropriate based  
1789 on the size of the facility; and (5) a facility which is operated by  
1790 management with demonstrated experience and ability in the  
1791 operation of similar facilities. Notwithstanding the provisions of this  
1792 subsection, a facility may be deemed a continuing care facility which  
1793 guarantees life care for its residents if (A) the facility meets the criteria  
1794 set forth in subdivisions (2) to (5), inclusive, of this subsection, was  
1795 Medicaid certified prior to October 1, 1993, and has been deemed  
1796 qualified to enter into a continuing care contract under chapter 319hh  
1797 for at least two consecutive years prior to filing its certificate of need  
1798 application under this section, provided (i) no additional bed  
1799 approved pursuant to this section shall be Medicaid certified; (ii) no  
1800 patient in such a bed shall be involuntarily transferred to another bed  
1801 due to his eligibility for Medicaid and (iii) the facility shall pay the cost  
1802 of care for a patient in such a bed who is Medicaid eligible and does  
1803 not wish to be transferred to another bed or (B) the facility is operated

1804 exclusively by and for a religious order which is committed to the care  
1805 and well-being of its members for the duration of their lives and whose  
1806 members are bound thereto by the profession of permanent vows. On  
1807 and after July 1, 1997, the Department of Social Services shall give  
1808 priority to a request for modification of a certificate of need from a  
1809 continuing care facility which guarantees life care for its residents  
1810 pursuant to the provisions of this subsection.]

1811 [(c)] (b) For the purposes of this section and sections 17b-352 and  
1812 17b-353, as amended by this act, construction shall be deemed to have  
1813 begun if the following have occurred and the department has been so  
1814 notified in writing within the thirty days prior to the date by which  
1815 construction is to begin: (1) All necessary town, state and federal  
1816 approvals required to begin construction have been obtained,  
1817 including all zoning and wetlands approvals; (2) all necessary town  
1818 and state permits required to begin construction or site work have  
1819 been obtained; (3) financing approval, as defined in subsection [(d)] (c)  
1820 of this section, has been obtained; and (4) construction of a structure  
1821 approved in the certificate of need has begun. For the purposes of this  
1822 subsection, commencement of construction of a structure shall include,  
1823 at a minimum, completion of a foundation. Notwithstanding the  
1824 provisions of this subsection, upon receipt of an application filed at  
1825 least thirty days prior to the date by which construction is to begin, the  
1826 commissioner may deem construction to have begun if: (A) An owner  
1827 of a certificate of need has fully complied with the provisions of  
1828 subdivisions (1), (2) and (3) of this subsection; (B) such owner submits  
1829 clear and convincing evidence that he has complied with the  
1830 provisions of this subsection sufficiently to demonstrate a high  
1831 probability that construction shall be completed in time to obtain  
1832 licensure by the Department of Public Health on or before the date  
1833 required pursuant to subsection (a) of this section; (C) construction of a  
1834 structure cannot begin due to unforeseeable circumstances beyond the  
1835 control of the owner; and (D) at least ten per cent of the approved total  
1836 capital expenditure or two hundred fifty thousand dollars, whichever

1837 is greater, has been expended.

1838       [(d)] (c) For the purposes of subsection [(c)] (b) of this section,  
1839 subject to the provisions of subsection [(e)] (d) of this section, financing  
1840 shall be deemed to have been obtained if the owner of the certificate of  
1841 need receives a commitment letter from a lender indicating an  
1842 affirmative interest in financing the project subject to reasonable and  
1843 customary conditions, including a final commitment from the lender's  
1844 loan committee or other entity responsible for approving loans. If a  
1845 lender which has issued a commitment letter subsequently refuses to  
1846 finance the project, the owner shall notify the department in writing  
1847 within five business days of the receipt of the refusal. The owner shall,  
1848 if so requested by the department, provide the commissioner with  
1849 copies of all communications between the owner and the lender  
1850 concerning the request for financing. The owner shall have one further  
1851 opportunity to obtain financing which shall be demonstrated by  
1852 submitting another commitment letter from a lender to the department  
1853 within thirty days of the owner's receipt of the refusal from the first  
1854 lender.

1855       [(e) On and after March 1, 1993, financing] (d) Financing shall be  
1856 deemed to have been obtained for the purposes of this section and  
1857 sections 17b-352 and 17b-353, as amended by this act, if the owner of  
1858 the certificate of need has (1) received a final commitment for financing  
1859 in writing from a lender or (2) provided evidence to the department  
1860 that the owner has sufficient funds available to construct the project  
1861 without financing.

1862       [(f) Any decision of the Office of Health Care Access issued prior to  
1863 July 1, 1993, as to whether construction has begun or financing has  
1864 been obtained for nursing home beds approved by the office prior to  
1865 said date shall be deemed to be a decision of the Commissioner of  
1866 Social Services for the purposes of this section and sections 17b-352  
1867 and 17b-353.]

1868        [(g)] (e) (1) A continuing care facility, [which guarantees life care for  
1869        its residents, as defined in subsection (b) of this] as described in section  
1870        17b-520, (A) shall arrange for a medical assessment to be conducted by  
1871        an independent physician or an access agency approved by the Office  
1872        of Policy and Management and the Department of Social Services as  
1873        meeting the requirements for such agency as defined by regulations  
1874        adopted pursuant to subsection (e) of section 17b-342, prior to the  
1875        admission of any resident to the nursing facility and shall document  
1876        such assessment in the resident's medical file and (B) may transfer or  
1877        discharge a resident who has intentionally transferred assets in a sum  
1878        which will render the resident unable to pay the cost of nursing facility  
1879        care in accordance with the contract between the resident and the  
1880        facility.

1881        (2) A continuing care facility, [which guarantees life care for its  
1882        residents, as defined in subsection (b) of this] as described in section  
1883        17b-520, may, for the seven-year period immediately subsequent to  
1884        becoming operational, accept nonresidents directly as nursing facility  
1885        patients on a contractual basis provided any such contract shall  
1886        include, but not be limited to, requiring the facility (A) to document  
1887        that placement of the patient in such facility is medically appropriate;  
1888        (B) to apply to a potential nonresident patient the financial eligibility  
1889        criteria applied to a potential resident of the facility pursuant to said  
1890        subsection (b); and (C) to at least annually screen each nonresident  
1891        patient to ensure the maintenance of assets, income and insurance  
1892        sufficient to cover the cost of at least forty-two months of nursing  
1893        facility care. A facility may transfer or discharge a nonresident patient  
1894        upon the patient exhausting assets sufficient to pay the costs of his care  
1895        or upon the facility determining the patient has intentionally  
1896        transferred assets in a sum which will render the patient unable to pay  
1897        the costs of a total of forty-two months of nursing facility care from the  
1898        date of initial admission to the nursing facility. Any such transfer or  
1899        discharge shall be conducted in accordance with section 19a-535. The  
1900        commissioner may grant one or more three-year extensions of the

1901 period during which a facility may accept nonresident patients,  
1902 provided the facility is in compliance with the provisions of this  
1903 section.

1904 [(h) Notwithstanding the provisions of subsection (a) of this section,  
1905 if an owner of an approved certificate of need for additional nursing  
1906 home beds has notified the Office of Health Care Access or the  
1907 Department of Social Services on or before September 30, 1993, of his  
1908 intention to utilize such beds for a continuing care facility which  
1909 guarantees life care for its residents in accordance with subsection (b)  
1910 of this section and has filed documentation with the Department of  
1911 Social Services on or before September 30, 1994, demonstrating the  
1912 requirements of said subsection (b) have been met, the certificate of  
1913 need shall not expire.

1914 (i) The Commissioner of Social Services may waive or modify any  
1915 requirement of this section, except subdivision (1) of subsection (b)  
1916 which prohibits participation in the Medicaid program, to enable an  
1917 established continuing care facility registered pursuant to chapter  
1918 319hh prior to September 1, 1991, to add nursing home beds provided  
1919 the continuing care facility agrees to no longer admit nonresidents into  
1920 any of the facility's nursing home beds except for spouses of residents  
1921 of such facility and provided the addition of nursing home beds will  
1922 not have an adverse impact on the facility's financial stability, as  
1923 defined in subsection (b) of this section, and are located within a  
1924 structure constructed and licensed prior to July 1, 1992.]

1925 [(j)] (f) The Commissioner of Social Services [shall] may adopt  
1926 regulations, in accordance with chapter 54, to implement the  
1927 provisions of this section. The commissioner shall implement the  
1928 standards and procedures of the Office of Health Care Access division  
1929 of the Department of Public Health concerning certificates of need  
1930 established pursuant to section 19a-643, as appropriate for the  
1931 purposes of this section, until the time final regulations are adopted in  
1932 accordance with said chapter 54.

1933        Sec. 18. Subsection (c) of section 19a-654 of the general statutes is  
1934 repealed and the following is substituted in lieu thereof (*Effective*  
1935 *October 1, 2017*):

1936        (c) An outpatient surgical facility, as defined in section 19a-493b, a  
1937 short-term acute care general or children's hospital, or a facility that  
1938 provides outpatient surgical services as part of the outpatient surgery  
1939 department of a short-term acute care hospital shall submit to the  
1940 office the data identified in subsection [(c)] (b) of section 19a-634, as  
1941 amended by this act. The office shall convene a working group  
1942 consisting of representatives of outpatient surgical facilities, hospitals  
1943 and other individuals necessary to develop recommendations that  
1944 address current obstacles to, and proposed requirements for, patient-  
1945 identifiable data reporting in the outpatient setting. On or before  
1946 February 1, 2012, the working group shall report, in accordance with  
1947 the provisions of section 11-4a, on its findings and recommendations to  
1948 the joint standing committees of the General Assembly having  
1949 cognizance of matters relating to public health and insurance and real  
1950 estate. Additional reporting of outpatient data as the office deems  
1951 necessary shall begin not later than July 1, 2015. On or before July 1,  
1952 2012, and annually thereafter, the Connecticut Association of  
1953 Ambulatory Surgery Centers shall provide a progress report to the  
1954 Department of Public Health, until such time as all ambulatory surgery  
1955 centers are in full compliance with the implementation of systems that  
1956 allow for the reporting of outpatient data as required by the  
1957 commissioner. Until such additional reporting requirements take effect  
1958 on July 1, 2015, the department may work with the Connecticut  
1959 Association of Ambulatory Surgery Centers and the Connecticut  
1960 Hospital Association on specific data reporting initiatives provided  
1961 that no penalties shall be assessed under this chapter or any other  
1962 provision of law with respect to the failure to submit such data.

1963        Sec. 19. Subsection (b) of section 19a-486b of the general statutes is  
1964 repealed and the following is substituted in lieu thereof (*Effective*  
1965 *October 1, 2017*):

(b) The commissioner and the Attorney General may place any conditions on the approval of an application that relate to the purposes of sections 19a-486a to 19a-486h, inclusive. In placing any such conditions the commissioner shall follow the guidelines and criteria described in [subdivision (4) of] subsection [(d)] (e) of section 19a-639, as amended by this act. Any such conditions may be in addition to any conditions placed by the commissioner pursuant to [subdivision (4) of] subsection [(d)] (e) of section 19a-639, as amended by this act.

Sec. 20. Sections 17b-354b and 17b-354c are repealed. (*Effective July 1, 2017*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2018</i>	New section
Sec. 2	<i>July 1, 2017</i>	19a-630
Sec. 3	<i>July 1, 2017</i>	19a-634
Sec. 4	<i>July 1, 2017</i>	19a-637
Sec. 5	<i>July 1, 2017</i>	19a-638
Sec. 6	<i>July 1, 2017</i>	19a-639
Sec. 7	<i>July 1, 2017</i>	19a-639a
Sec. 8	<i>July 1, 2017</i>	19a-639b(e)
Sec. 9	<i>July 1, 2017</i>	19a-639c
Sec. 10	<i>July 1, 2017</i>	19a-639e
Sec. 11	<i>July 1, 2017</i>	19a-639f
Sec. 12	<i>July 1, 2017</i>	19a-653
Sec. 13	<i>July 1, 2017</i>	19a-486d(a)
Sec. 14	<i>July 1, 2017</i>	19a-486i
Sec. 15	<i>July 1, 2017</i>	17b-352(a) to (c)
Sec. 16	<i>July 1, 2017</i>	17b-353
Sec. 17	<i>July 1, 2017</i>	17b-354
Sec. 18	<i>October 1, 2017</i>	19a-654(c)
Sec. 19	<i>October 1, 2017</i>	19a-486b(b)
Sec. 20	<i>July 1, 2017</i>	Repealer section

**Statement of Purpose:**

To implement the Governor's budget recommendations.



*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*